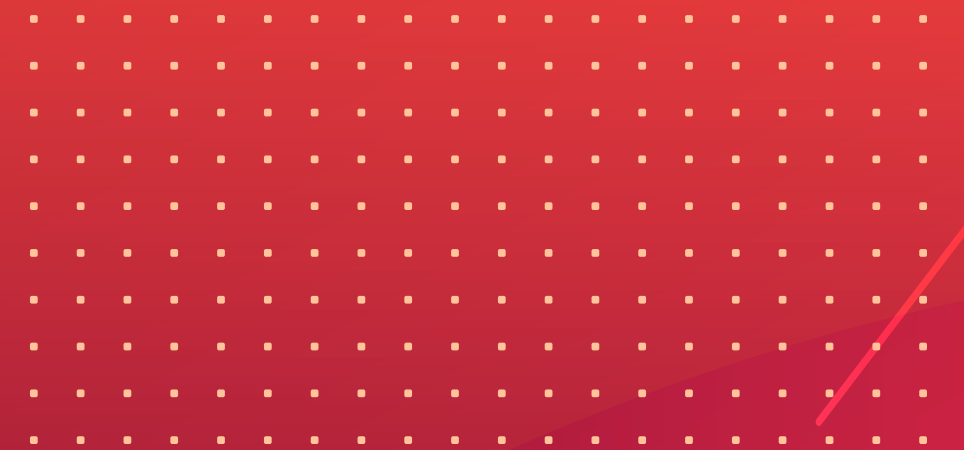


Inc42plus



The State Of Indian Startup Ecosystem

Report 2021

Powered By



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Executive Summary

38,815

Active Startups In India

51

Total Number Of Unicorns
In India

The US

Is The Biggest Source Of Foreign
Investments In Indian Startups

\$70 Bn

Raised By 3,436 Startups
Between 2014 And 2020

1,114

Unique Investors Who
Participated In 2020

711

M&As Between 2015
And 2020

Fintech

The Top Startup Sector
In 2020

Chennai

Most Promising Emerging
Startup Hub In India

51

Number Of
Soonicorns In India

India's Internet Economy In A Nutshell

776 Mn

Total Number Of Internet
Subscribers In India

974 Mn

Estimated Number Of
Smartphone Users In India By 2025

761 Minutes

Average Monthly Usage Per
Internet Subscriber

97%

Of The Internet Subscribers In
India Use Wireless Internet

102 Out Of 100

Internet Subscriptions Per 100
People In Urban India

\$0.68

Average Cost Of Per 1 GB Mobile Data,
Is No Longer The Cheapest In The World

302 Mn

Total Number Of Rural
Internet Subscribers

12 GB

Average Internet Data
Usage Per Wireless Device

India's Startup Landscape: Key Players

Ecommerce

Flipkart  snapdeal  udaan  paytm mall  CarDekho  firstcry  lenskart  Quikr  CARS24  pepperfry.com 

Fintech

paytm  PhonePe  policybazaar  InCred  BillDesk  AYE [आय]  LENDINGKART  CRED  Pine Labs  Razorpay 

Consumer Services

SWIGGY  zomato  GROFERS  bigbasket  LIVSPACE  UrbanClap  fresh to HOME  MUNZO  HomeLane  Faasos 

Enterprise Tech

ZOHOO  freshworks  druva  AppsFlyer  MindTickle  zenoti  icertis  highradius  eightfold.ai  CleverTap 

Transport Tech

OLA  BOUNCE  MISSION ELECTRIC  VOGO  Zoomcar  Never Stop Living  Shuttl  MERU  rapido  BIKE TAXI  drivezy  ZipGo 

TravelTech



Media and Entertainment



Edtech



Logistics



Healthtech



Real Estate Tech



Deeptech

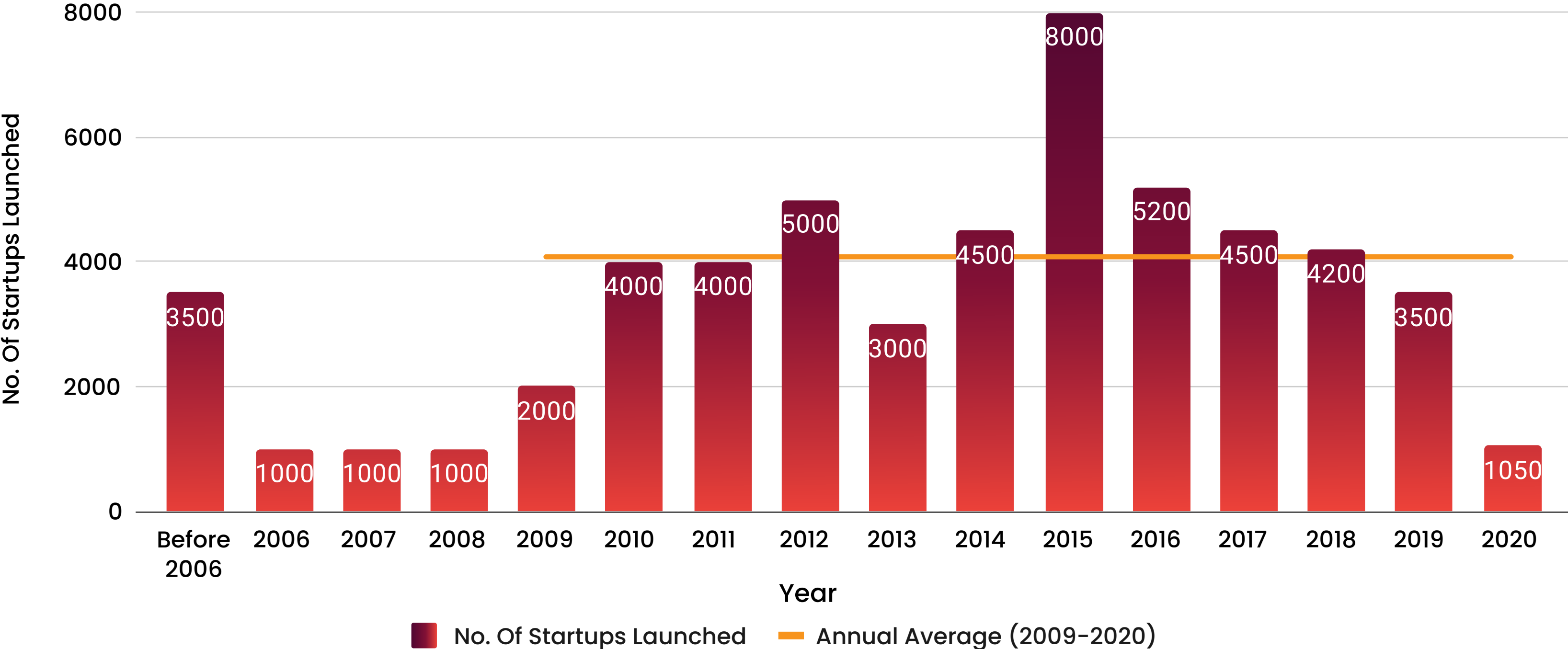


Agritech

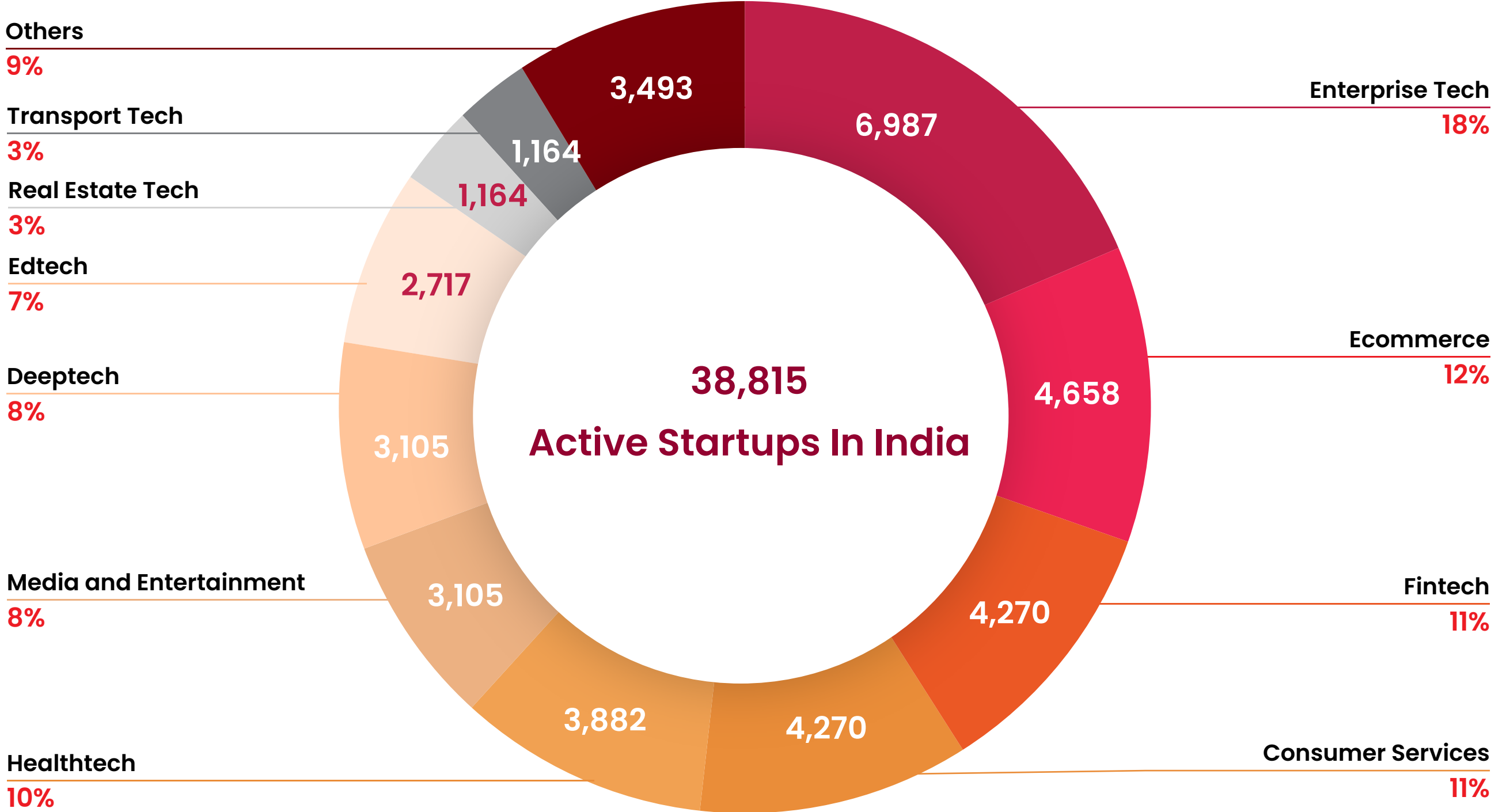


Launch Of New Startups In India Lowest In 2020 Compared To Past 12 Years

The ecommerce and hyperlocal boom of 2015 resulted in a boom in startups launched; Over 32% (or 2,610 out of 8,000) of startups launched in 2015 were in ecommerce and consumer services (primarily hyperlocal) sectors.



Enterprise Tech Has The Highest Number Of Active Startups In India

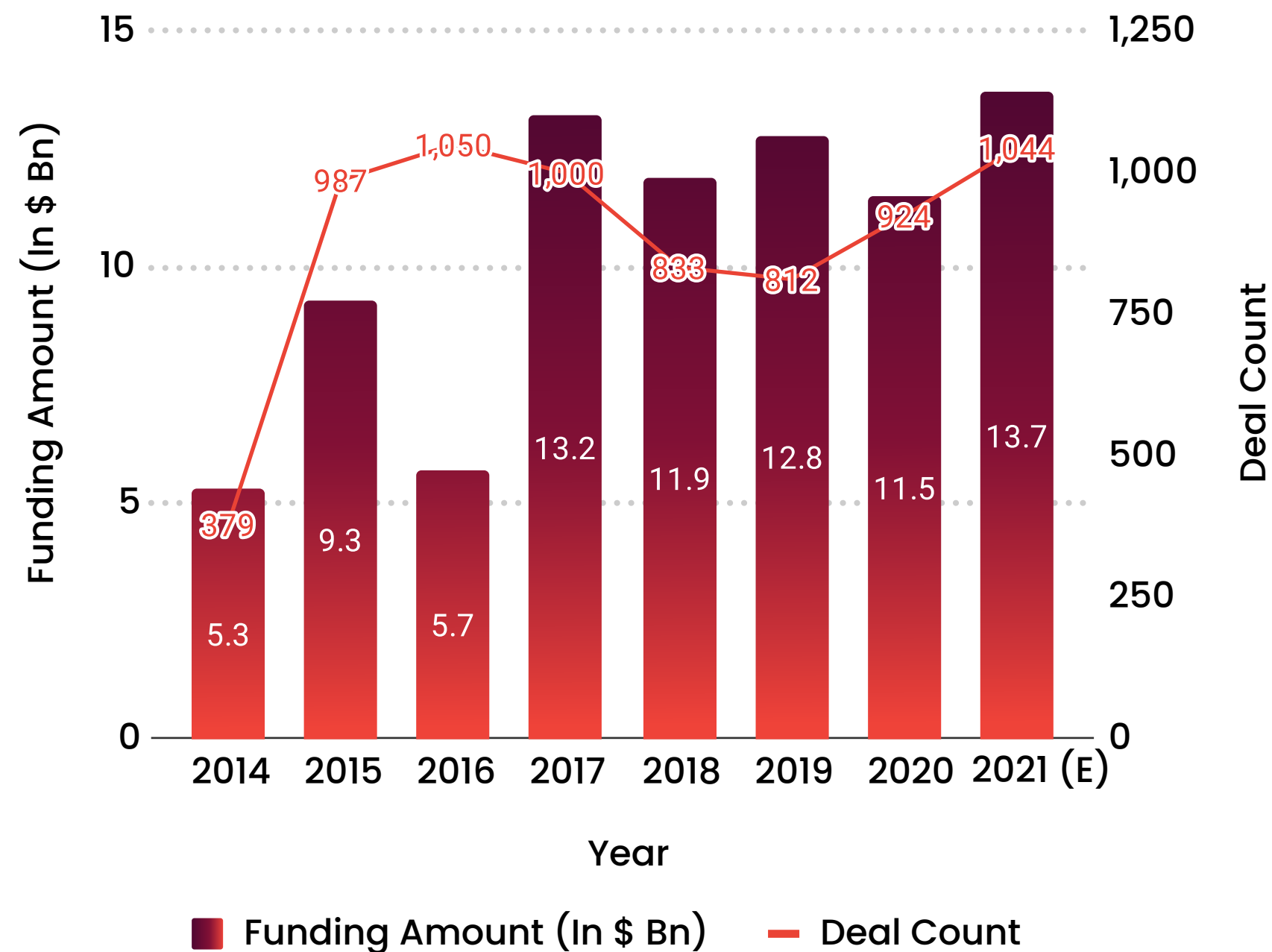




Indian Startup Funding Trends

Indian Startups Poised To Raise \$13.7 Bn Across 1,044 Deals In 2021

Compared to 2020, Funding amount and deal count will surge 19% and 13% respectively

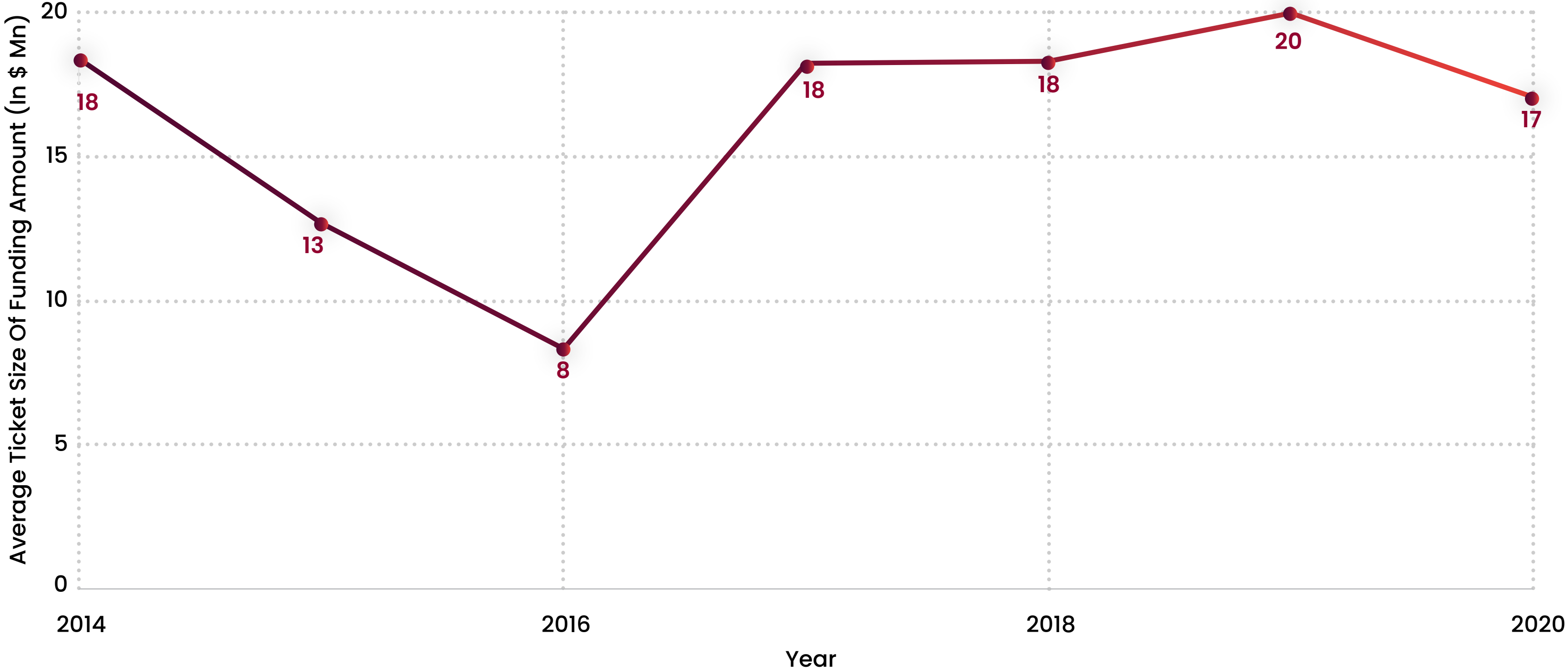


- The ecommerce and hyperlocal boom in 2015 inflated the number of startups launched, approximately 33% (or 2,610 out of 8,000) startups launched that year were in ecommerce and consumer services sector (primarily hyperlocal).
- The year 2017 is a very significant year for the Indian startup ecosystem because in 2017 the Indian startup ecosystem transitioned from introductory stage to growth stage. This can be ascertained from the fact that mega funding rounds (\$100 Mn and above) increased significantly post that indicating increased participation by Tier 1 investors in the country.
- The massive surge in 2021 – the biggest in nearly five years – in funding will be primarily backed by megadeals (\$100 Mn+) invested in growth-stage and late-stage startups from sectors such as ecommerce, fintech, enterprise tech, edtech, consumer services and healthtech. For deal count growth, the seed-stage ecosystem will require to maintain the same momentum seen in 2020.

Note: The 2021 funding amount and deal count are a time series forecast using exponential smoothing.

\$17 Mn Was The Average Ticket Size In 2020

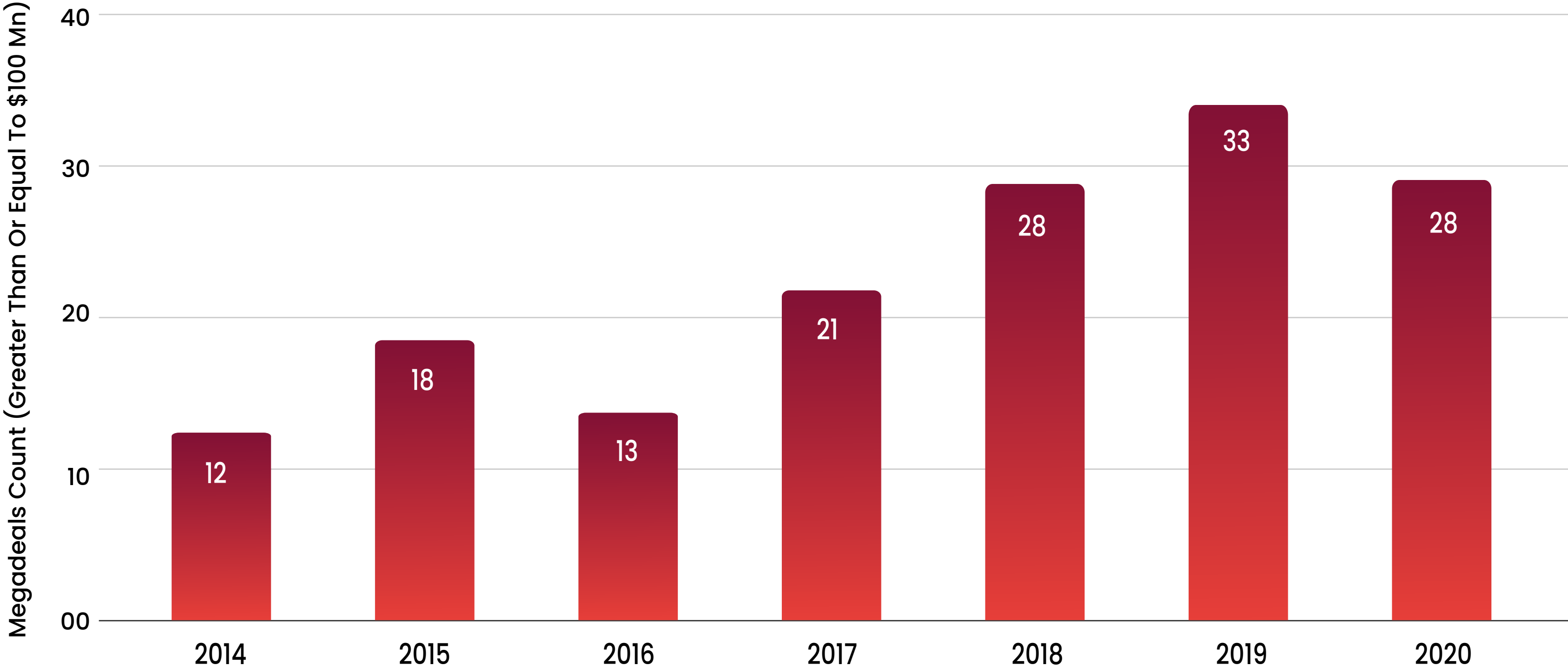
Compared to 2019 (\$20 Mn), the average ticket size of investment in the Indian startup ecosystem plunged by 15%



Source: Inc42 Plus

Covid Impacts Mega Funding Rounds In Indian Startups In 2020

Investors were more cautious about big rounds in 2020, with a 15% drop in deals over \$100 Mn

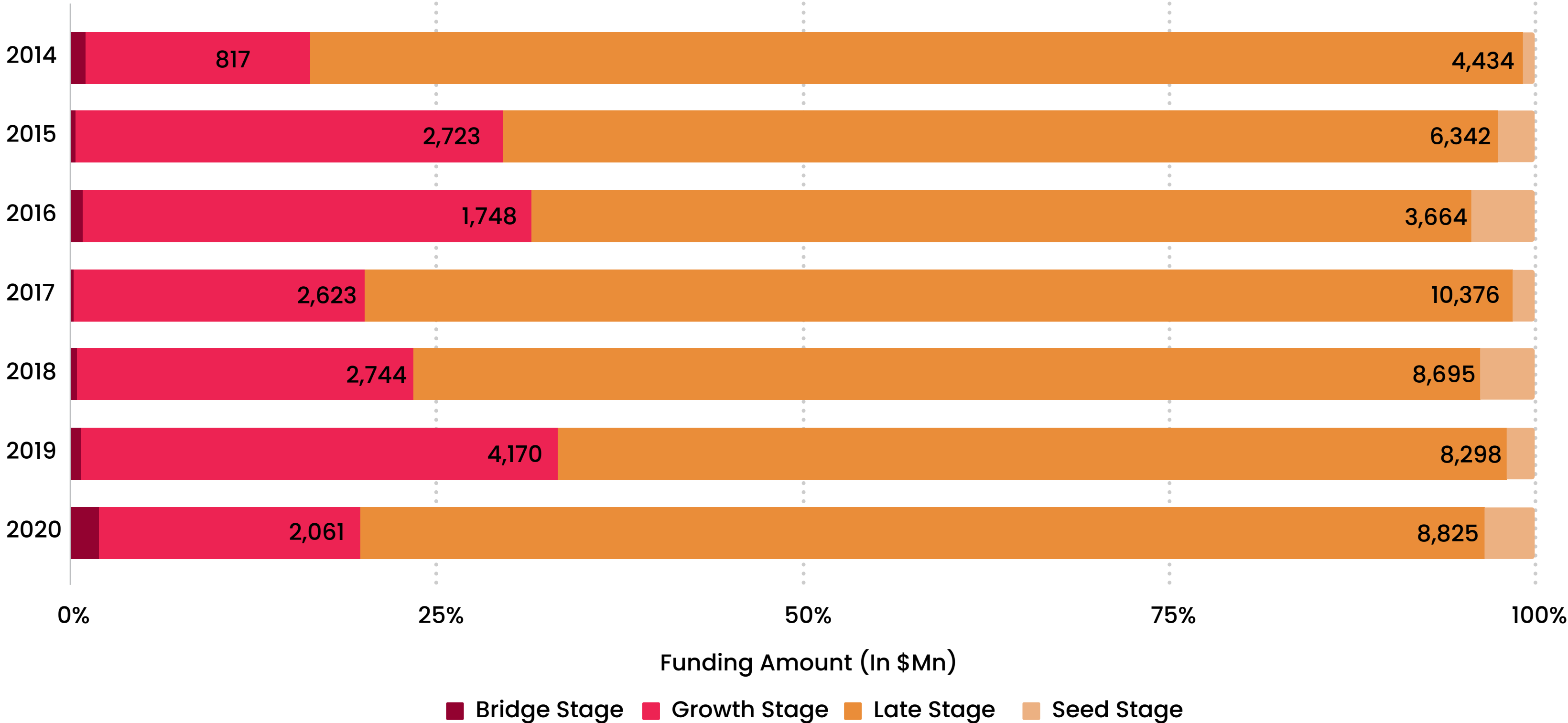


Source: Inc42 Plus
Note: Data up to Dec 17, 2020

Funding Stage-Wise Analysis

Backed By Mega Deals, Late Stage Funding Makes 72% Of Total Funding

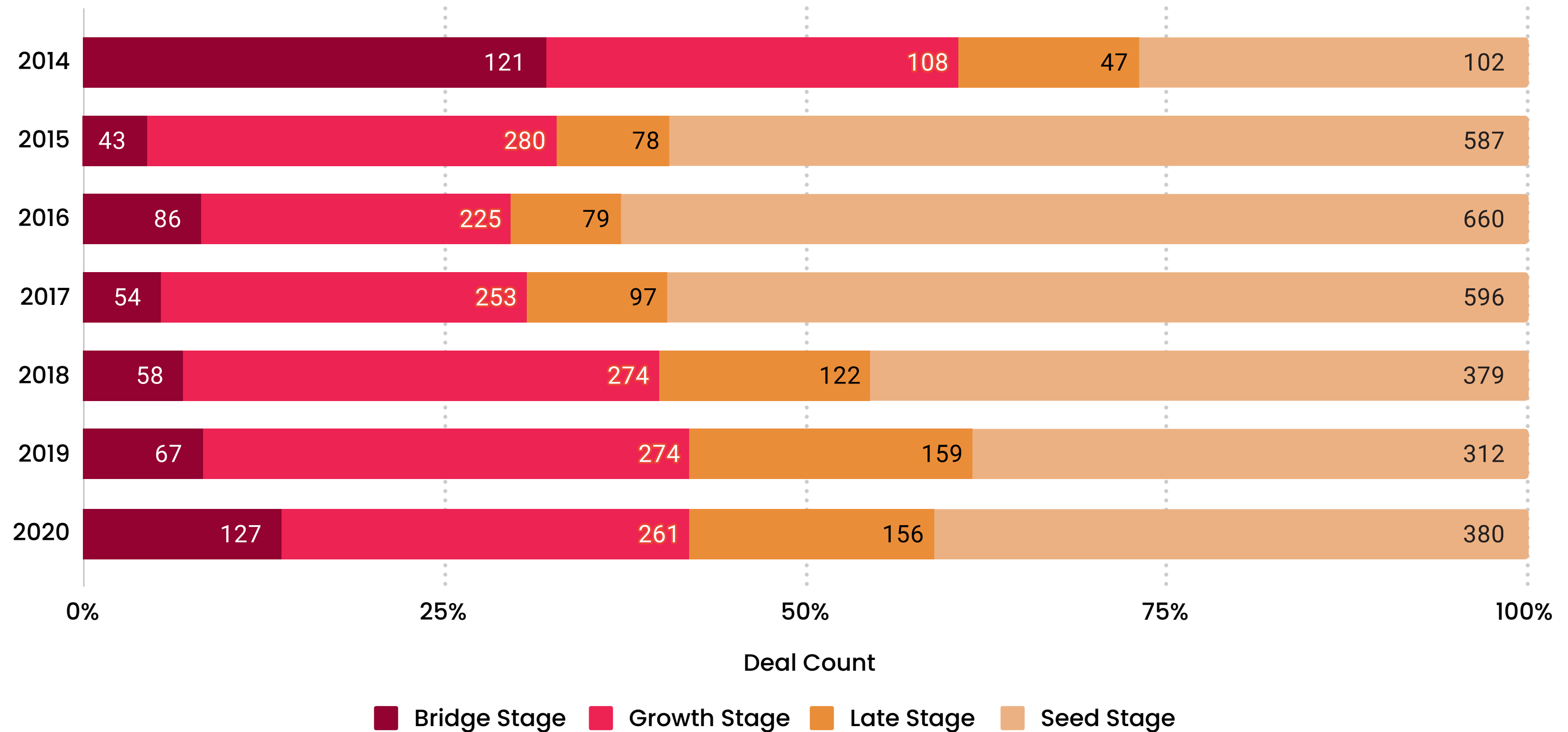
Between 2014 and 2020, late-stage funding (\$51 Bn) accounted for 72% of the total funding recorded in the Indian startup ecosystem



Source: Inc42 Plus

Startup Funding Deals: Year-On-Year Trend

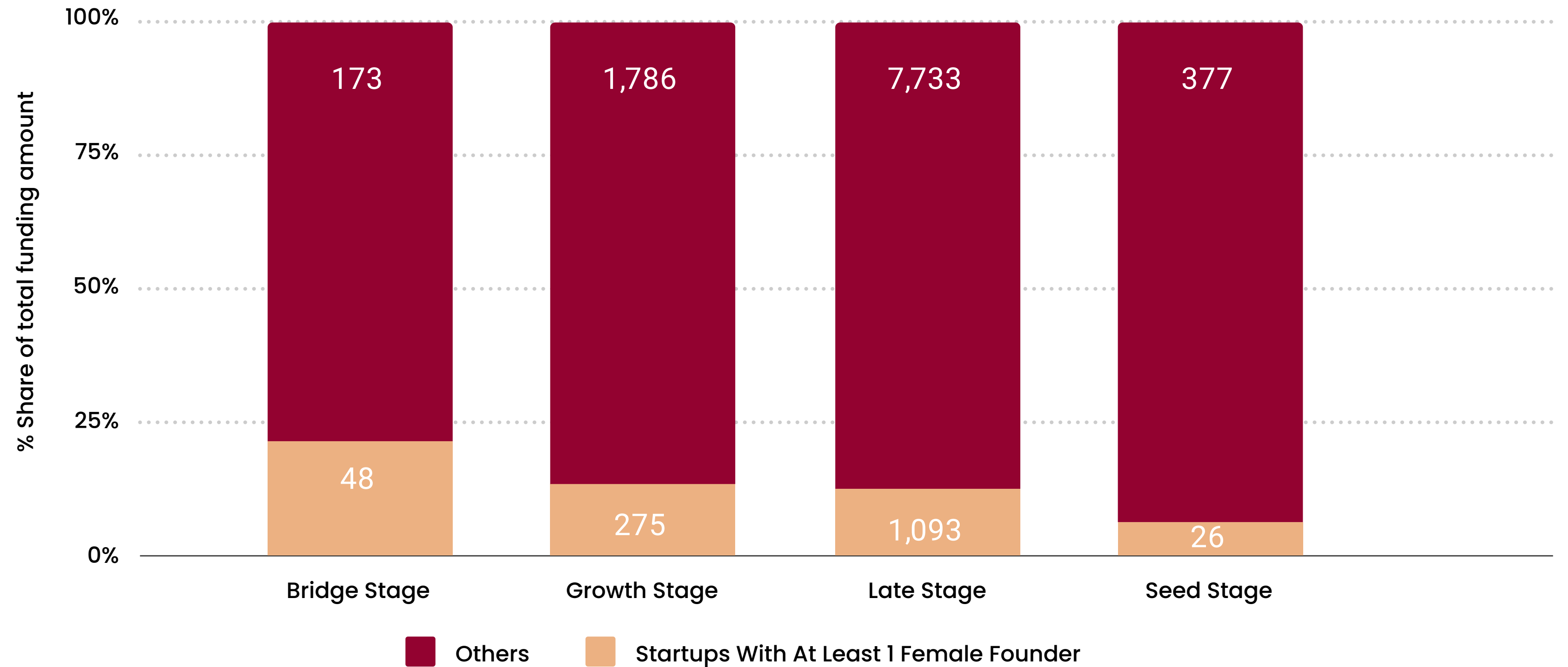
Seed funding accounted for 50% (or 3,016 out of 5,985) of total funding deals recorded in the Indian startup ecosystem between 2014 and 2020



Source: Inc42 Plus

Gender Disparity Evident In Indian Startup Funding

Startups with at least one female founder raised only a mere \$1.4 Bn or 13% out of the total \$11.5 Bn funding in CY2020



Note: Numbers mentioned inside the bars are in \$Mn.

Seed Stage Funding In India In A Nutshell

1,050

New startups launched
in India in 2020

\$955K

Median ticket size for seed stage
funding deals in 2020

Bengaluru

Startup hub with maximum seed
funding deals in 2020

Enterprise Tech

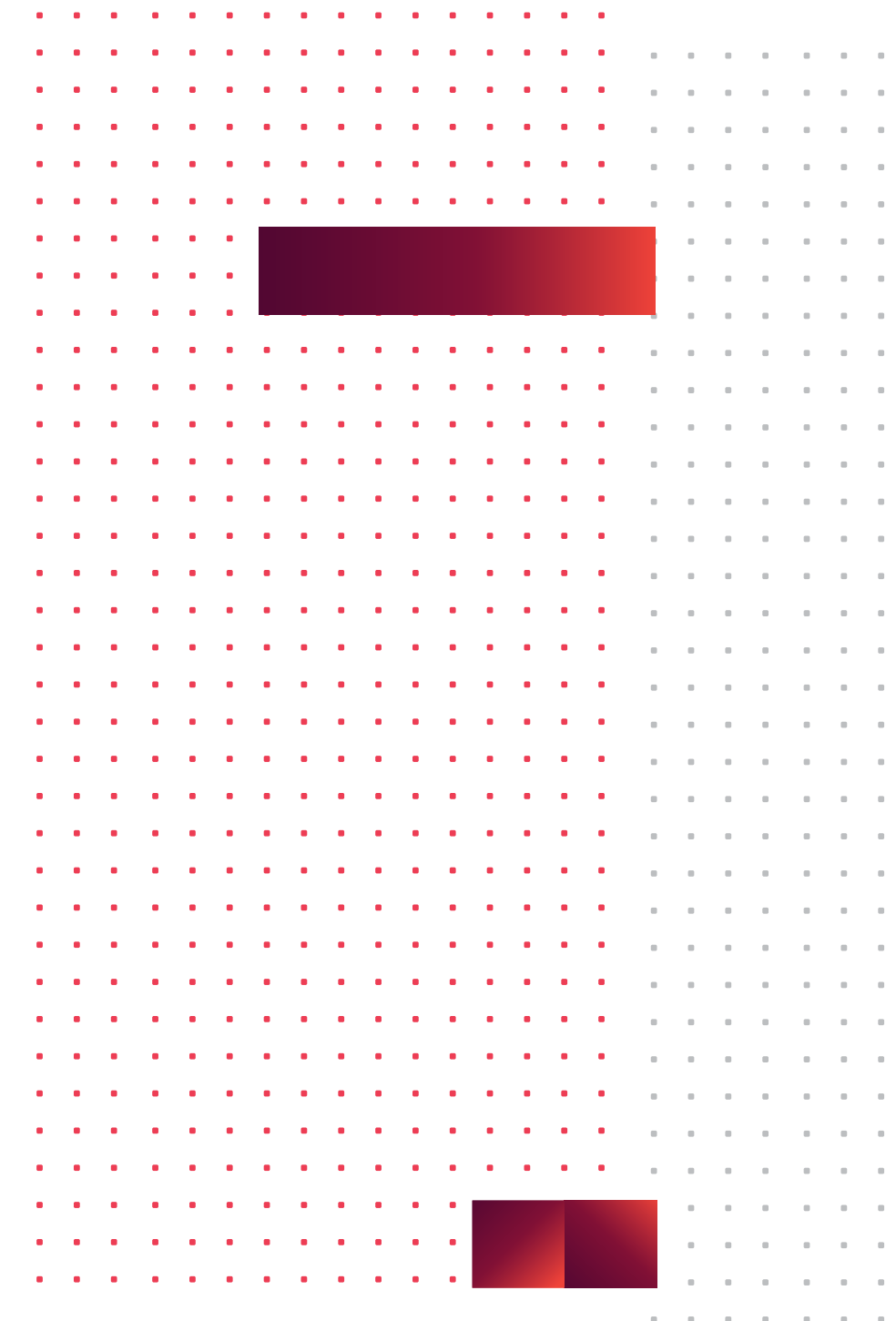
Most preferred startup sector at
seed stage

361

Seed stage startups funded
in 2020

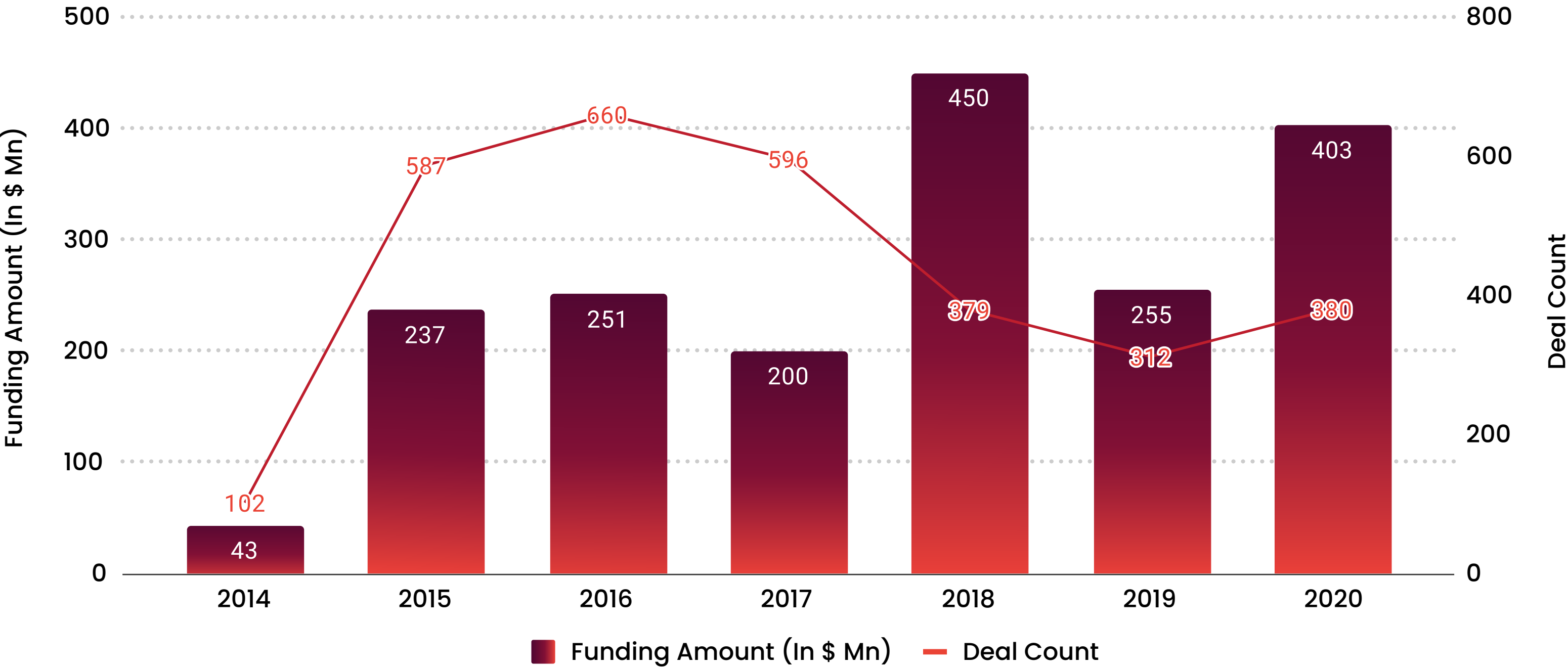
642

Investors backing startups at
seed stage



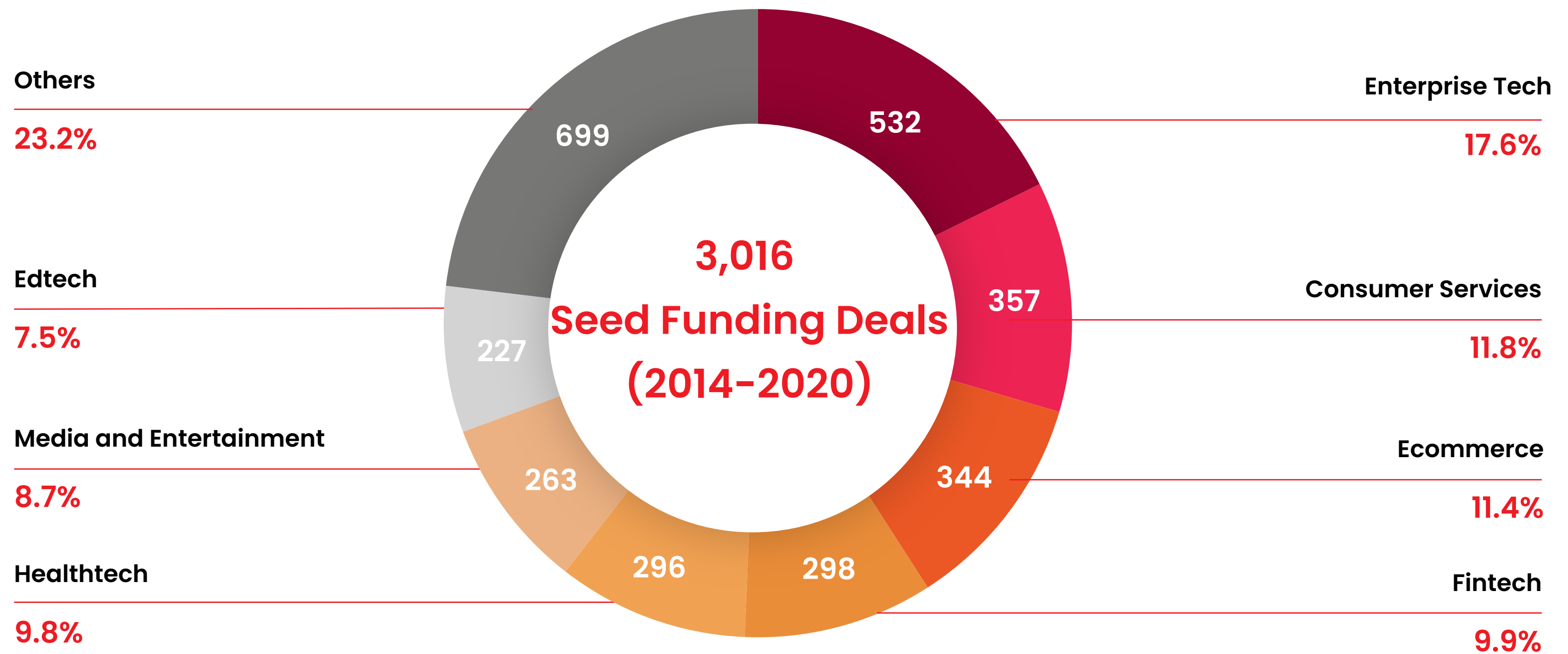
Seed Stage Funding In Indian Startup Ecosystem Showed Signs Of Recovery In 2020

After a continuous dip since 2017, seed funding deals and amount showed a 58% and a 22% rise, respectively, in 2020 compared to 2019



Enterprise Tech Is The Most Preferred Sector At Seed Stage In India

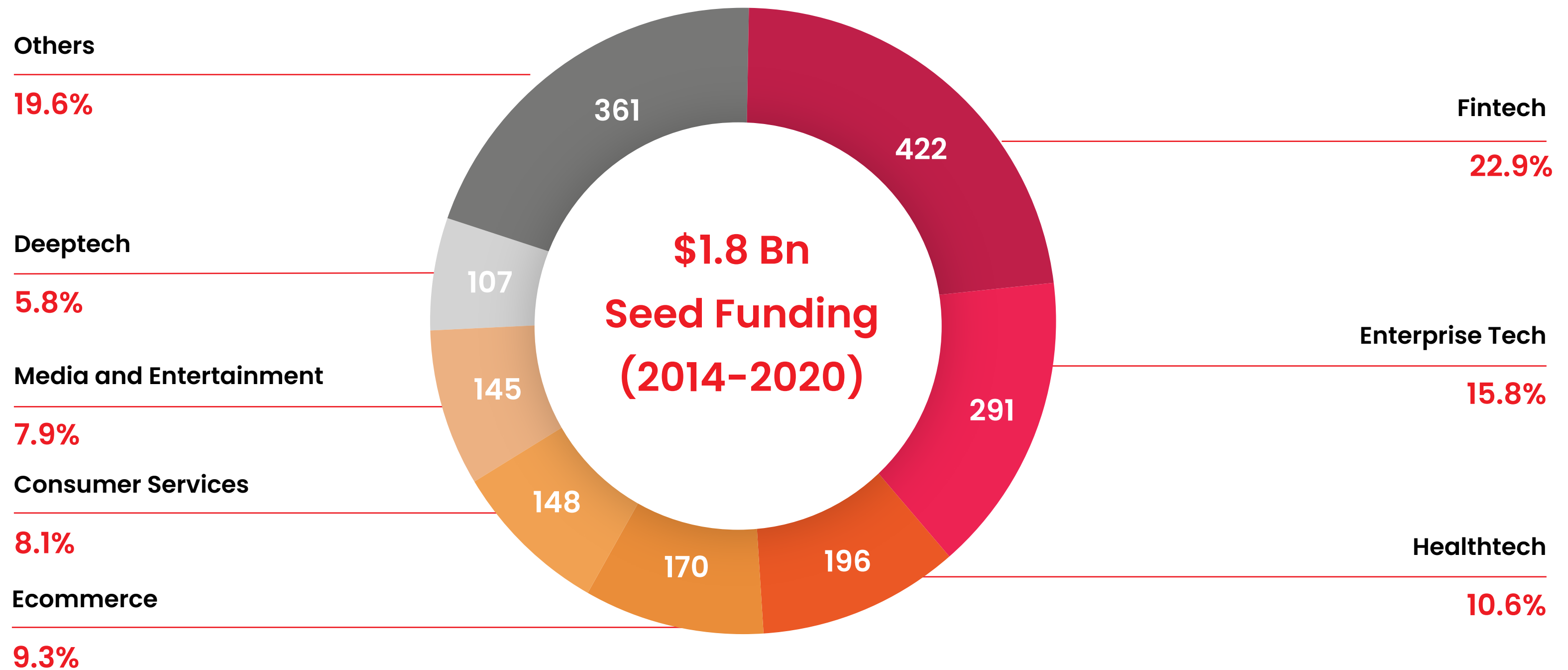
Enterprise tech startups have higher opportunities to exit at a relatively early stage



Note: Deal count is a better indicator for determining investor confidence because the impact of outlier funding rounds is ruled out.

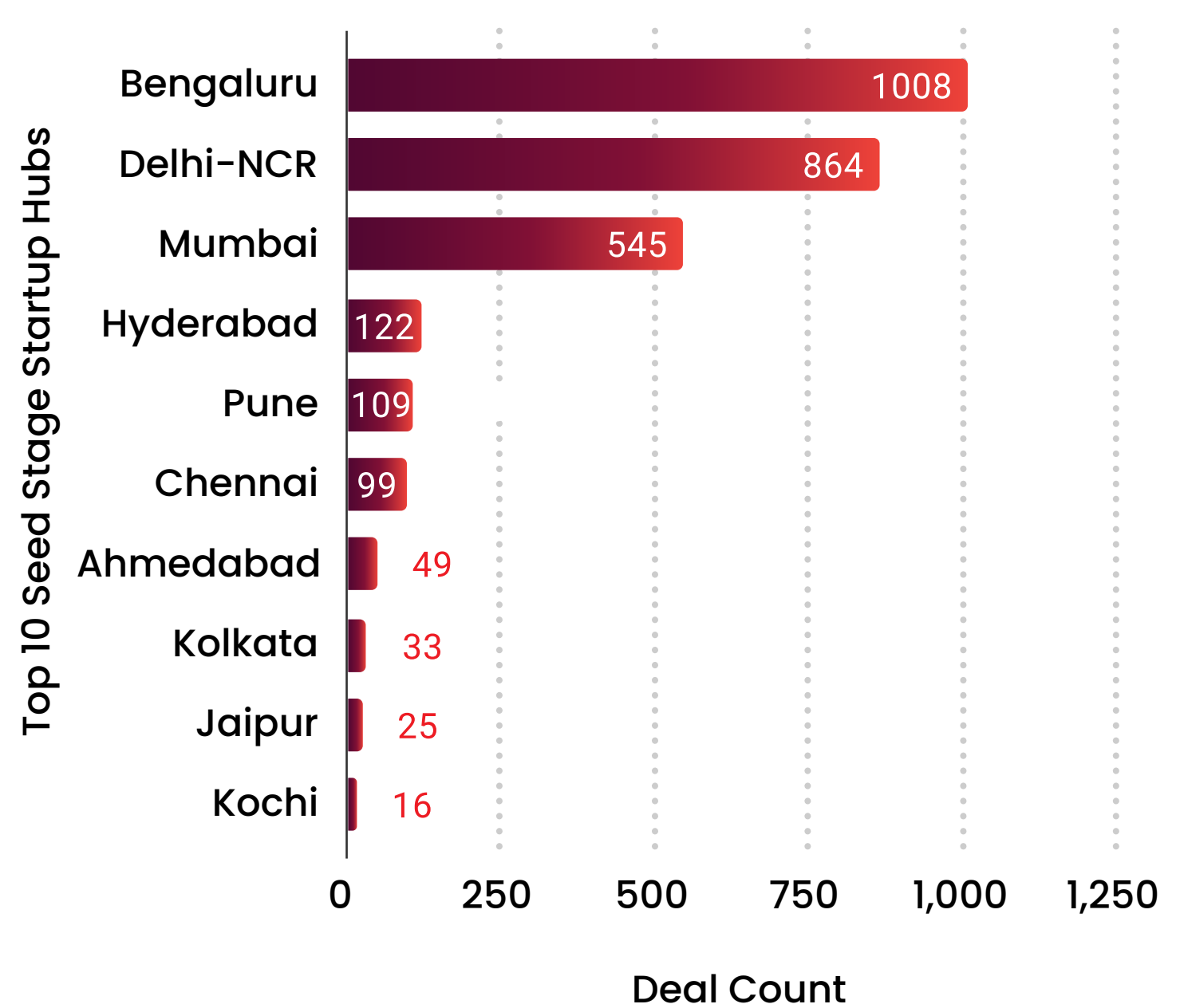
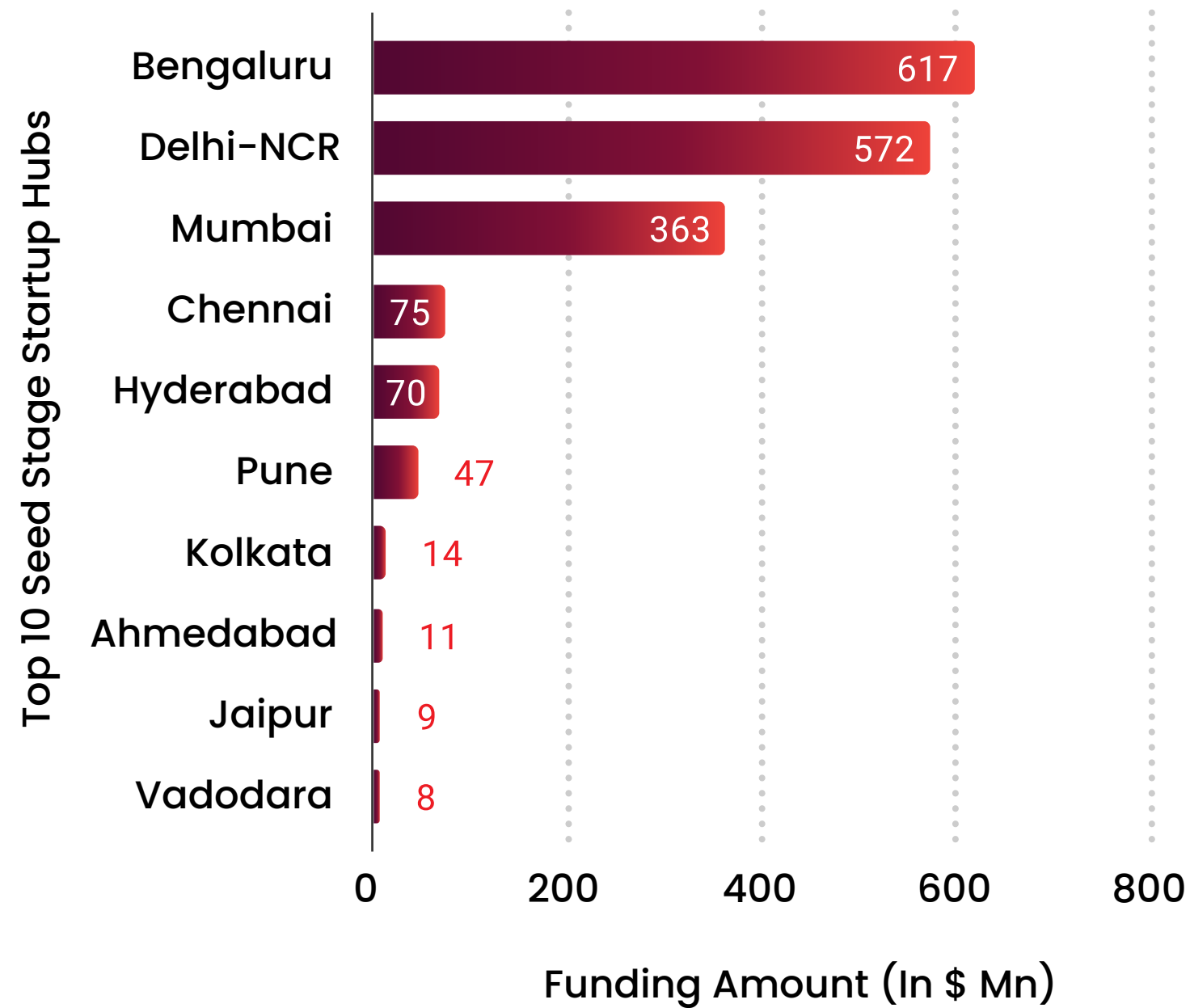
Fintech Startups Bagged The Highest Amount At Seed Stage

The growing addressable market for fintech solutions in India is fuelling investor sentiment towards fintech products and services



Bengaluru Emerged As The Top Startup Hub For Seed Stage Startups

Between 2014 and 2020, 33% of the total 3,016 seed-stage funding deals in India were bagged by Bengaluru startups



Bridge Stage Funding In India In A Nutshell

\$1.3 Mn

Median ticket size of bridge stage funding in 2020

Consumer Services

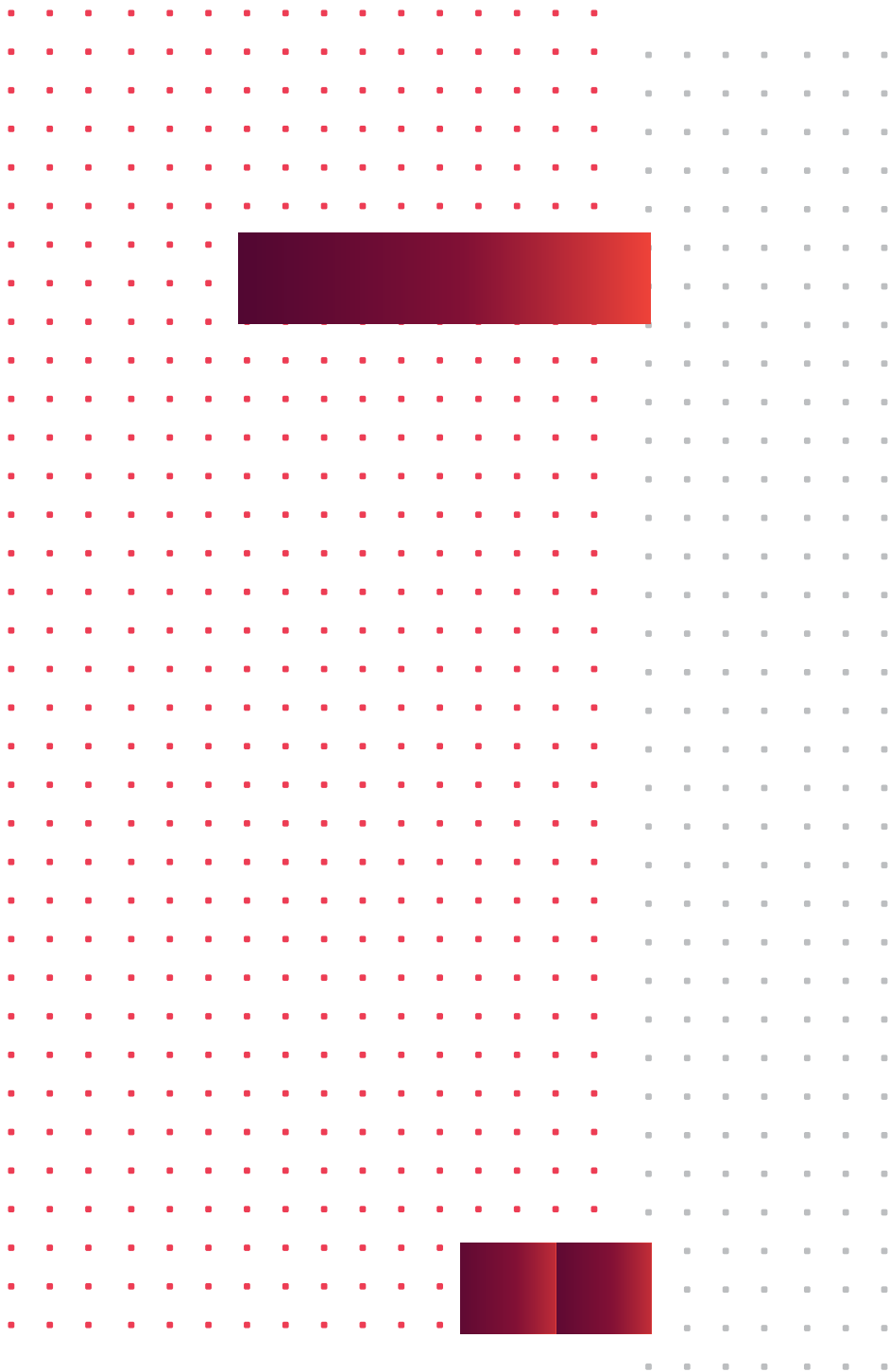
The sector with maximum bridge funding deals in 2020

Bengaluru

Startup hub with maximum bridge stage funding deals in 2020

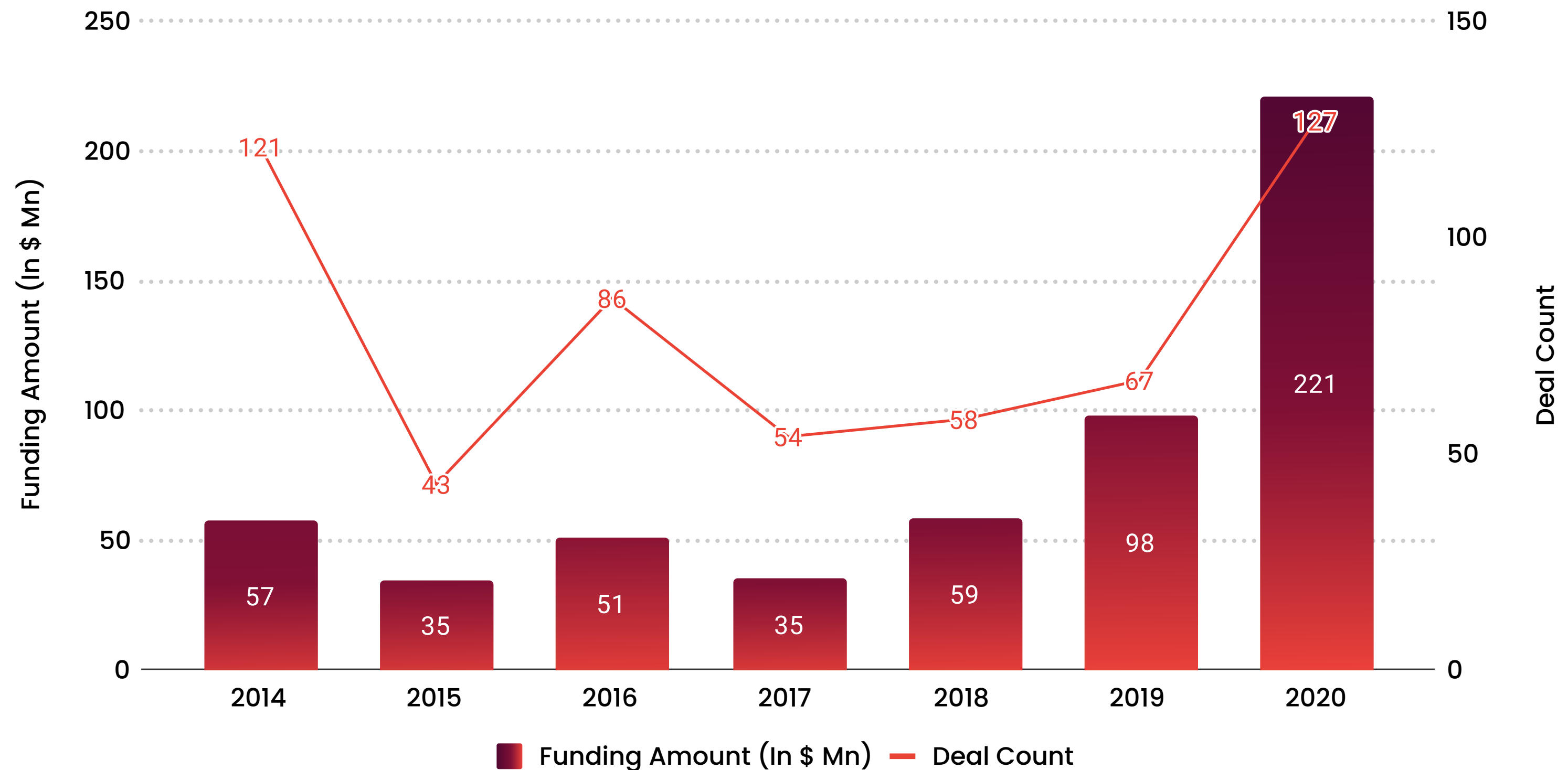
120

Startups funded at bridge stage



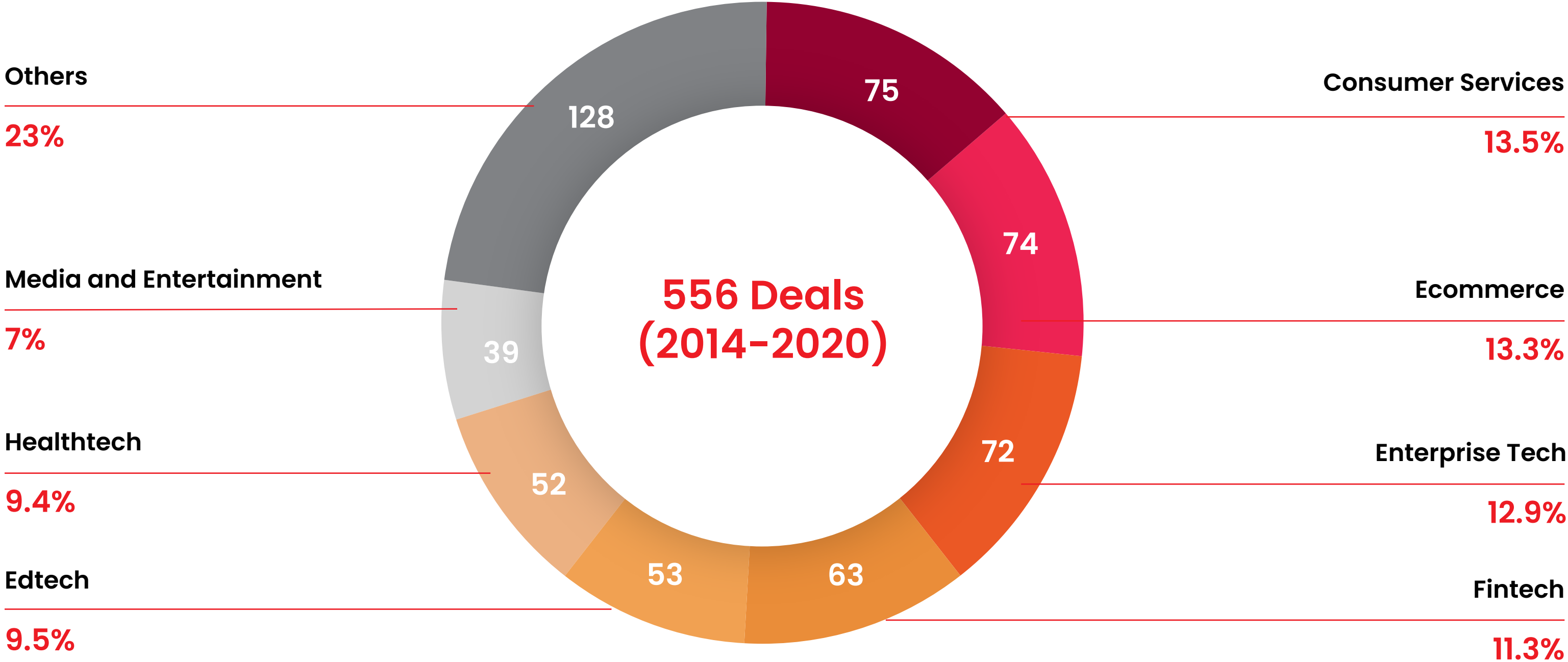
Bridge Stage Funding Reached Historical Peak In 2020

The higher funding amount at bridge stage in 2020 compared to 2019 can be attributed to higher investor participation at this stage. Unique number of investors at bridge stage grew by 58% (248) in 2020 from 157 the previous year.



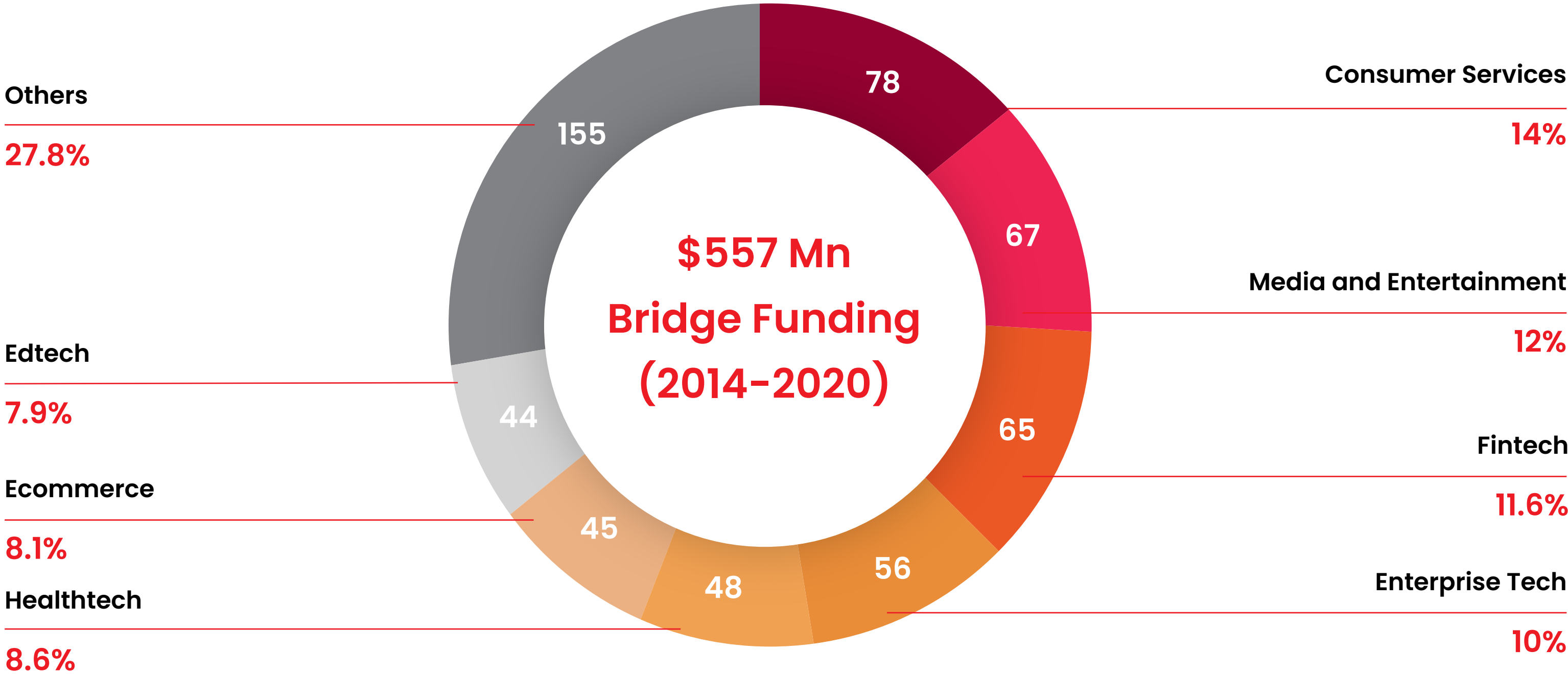
Bridge Stage Funding Deals: A Sector-Wise Overview

Increased demand for consumer services and ecommerce during the pandemic got these two sectors the maximum number of deals in 2020



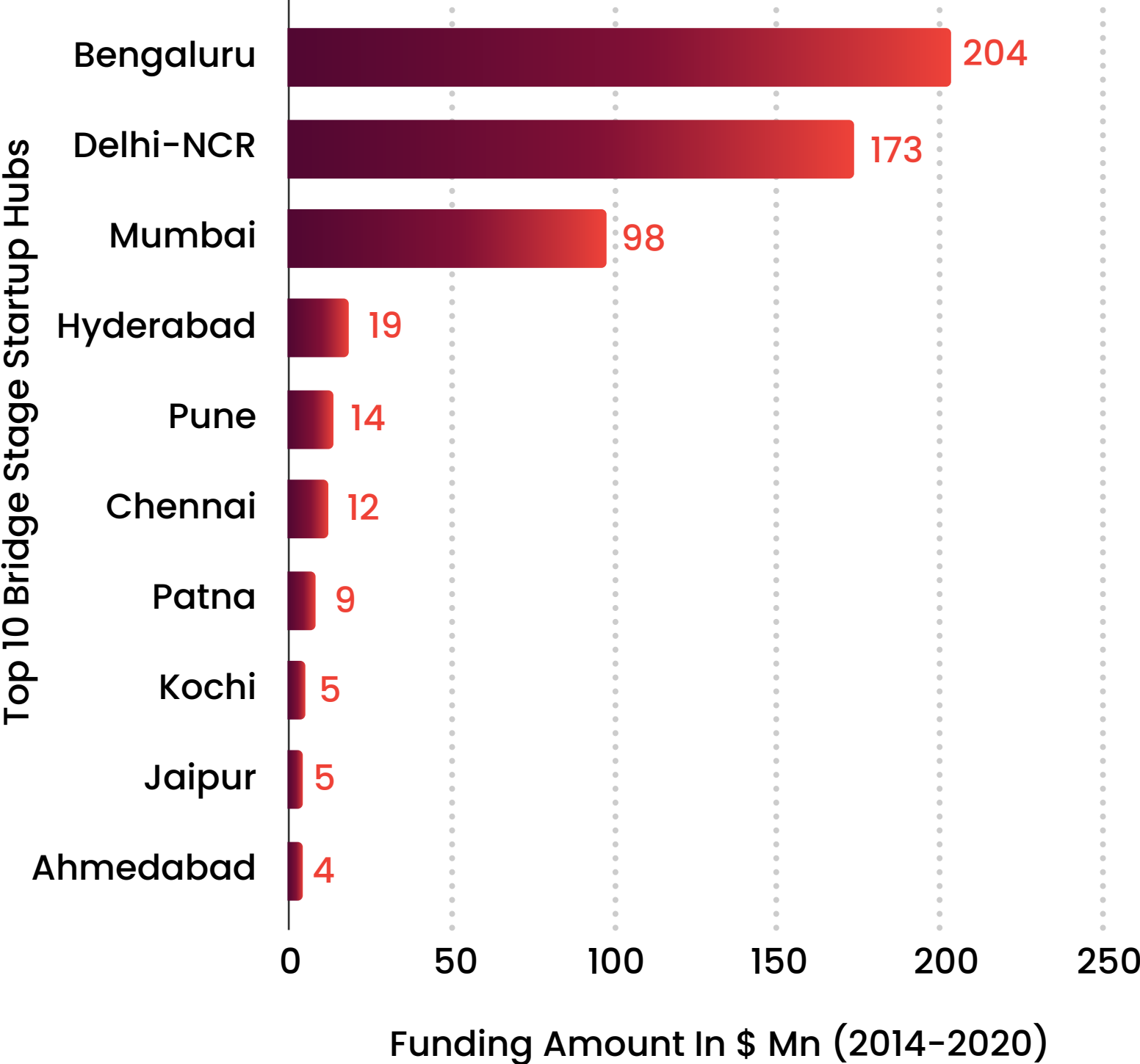
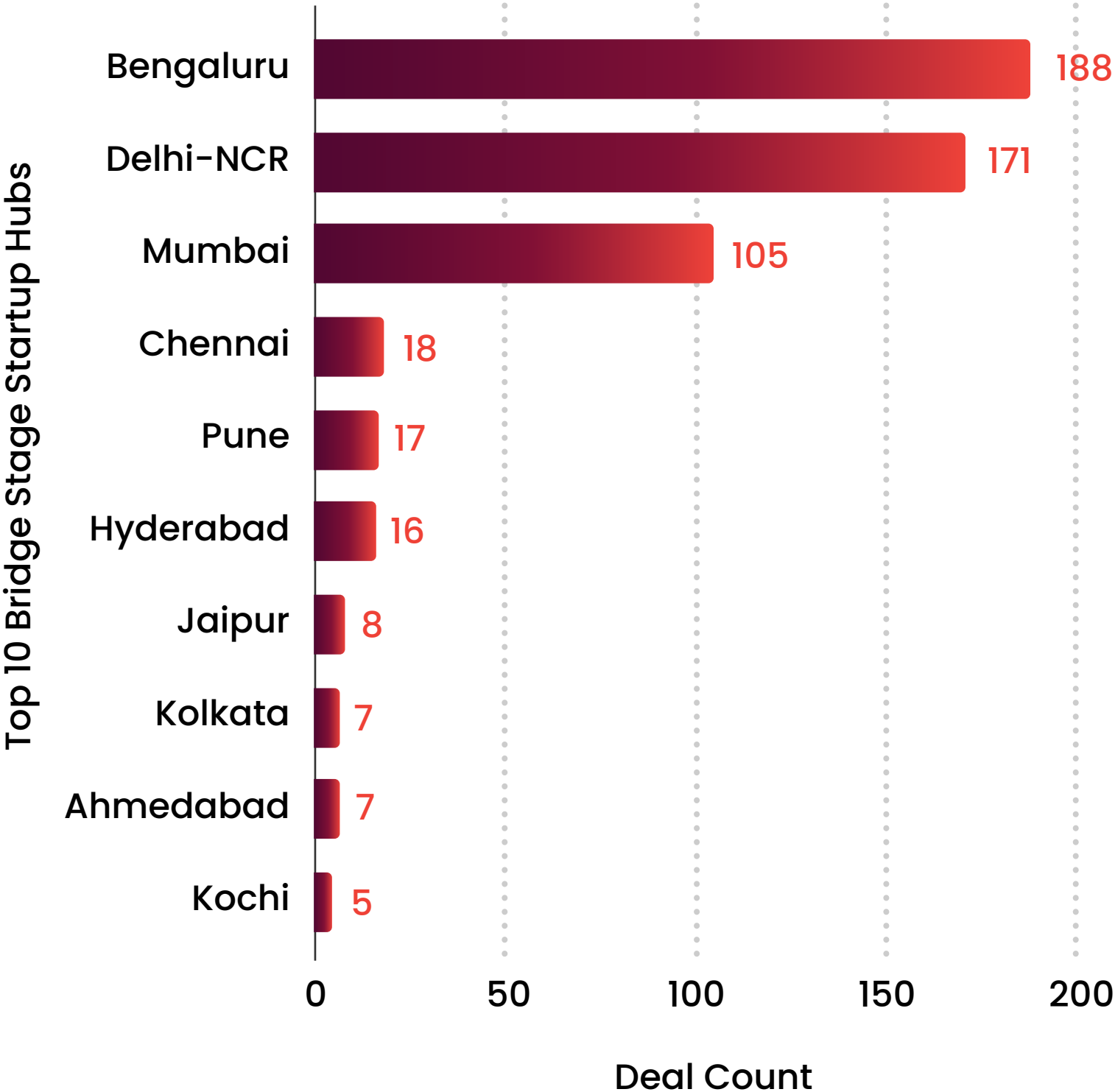
Consumer Services Startups Bagged The Highest Amount Of Funding At Bridge Stage

The top three sectors combined made 38% of the total funding between 2014 and 2020



Bengaluru Recorded Maximum Bridge Stage Funding Deals In 2020

Overall, \$1 Mn was the median ticket size of bridge stage funding in Bengaluru between 2014 and 2020



Growth Stage Funding In India In A Nutshell

\$5 Mn

The median ticket size of funding amount in 2020

Fintech

Most preferred startup sector at the growth stage in 2020

Bengaluru

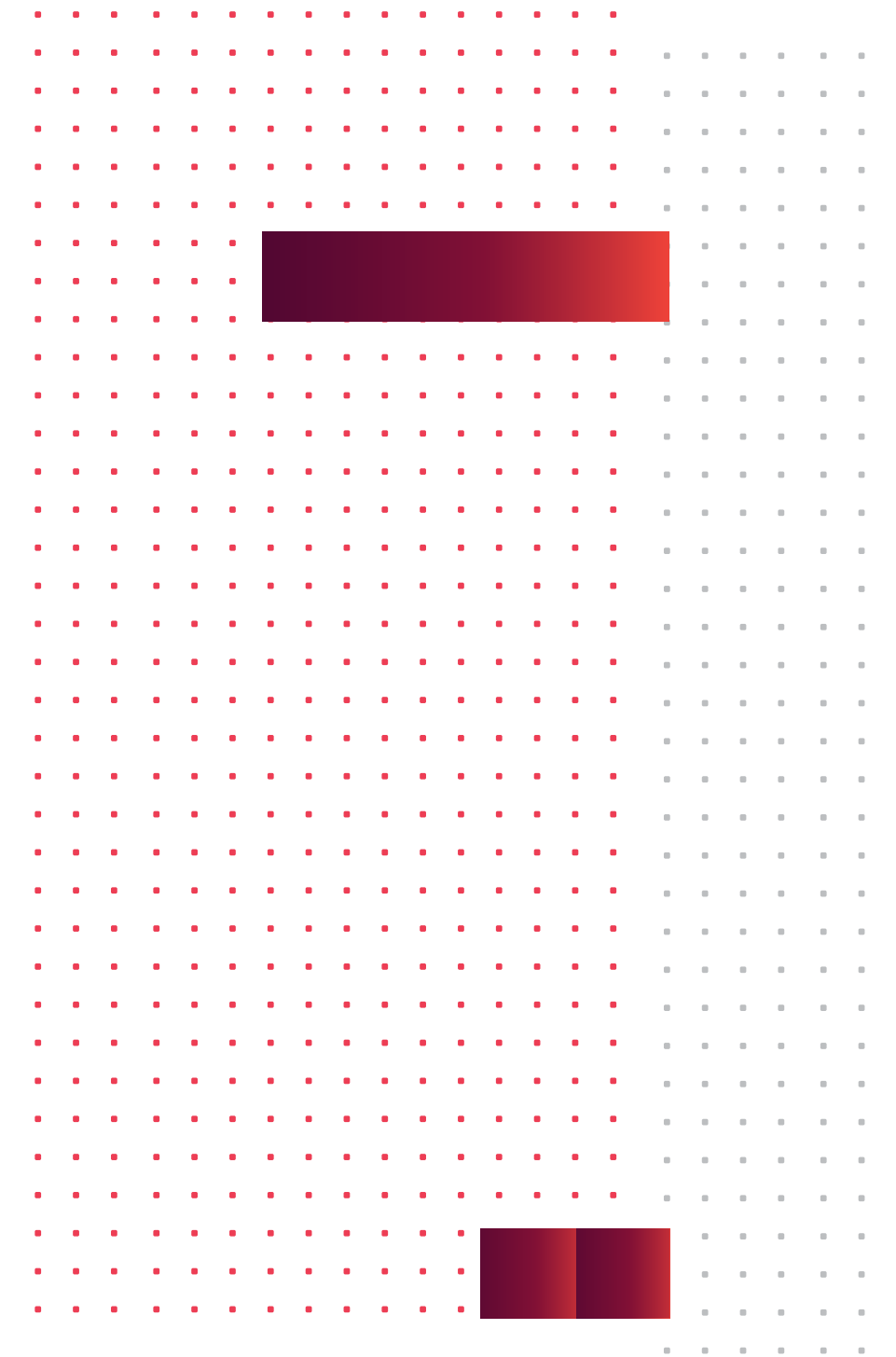
Startup hub with maximum growth stage funding deals in 2020

227

Startups funded in 2020

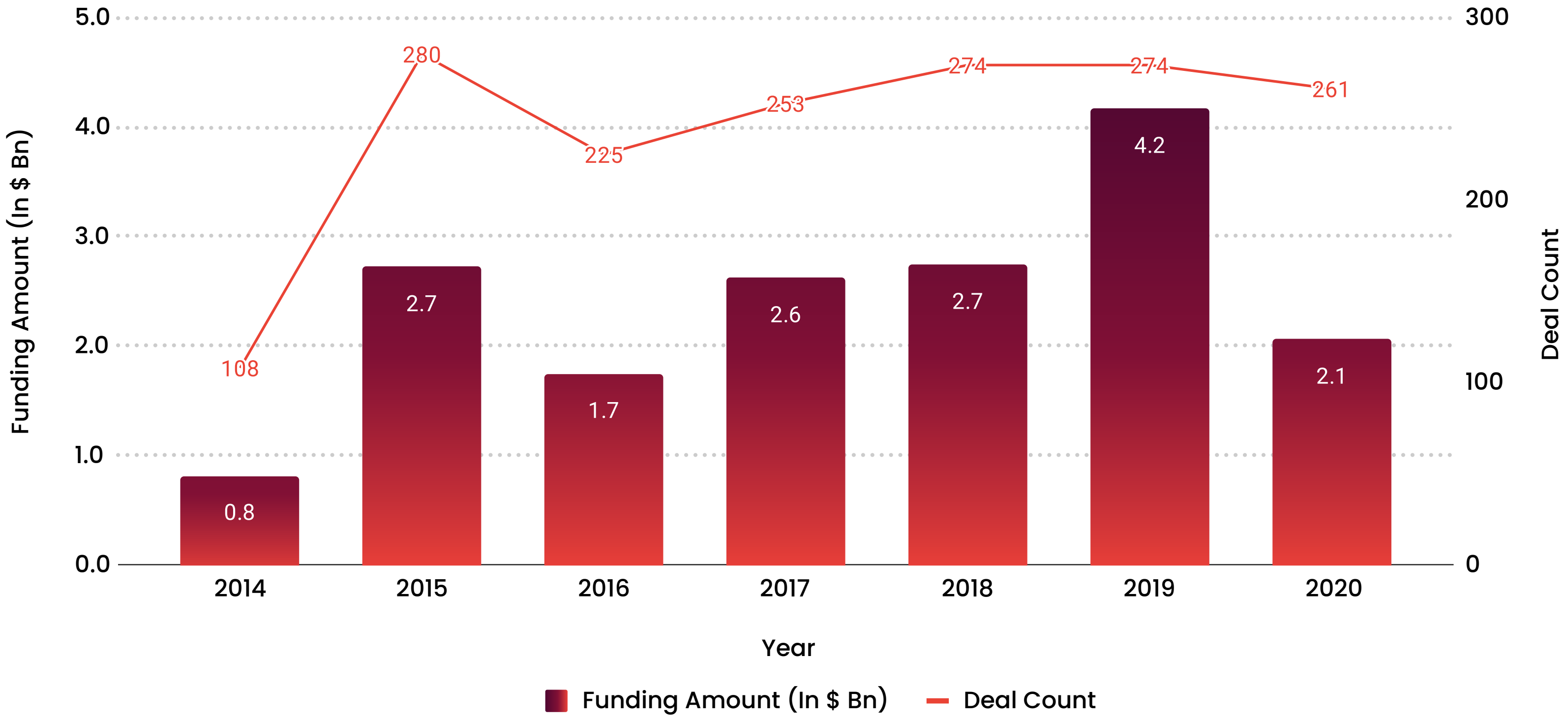
448

Investors backing startups at the growth stage



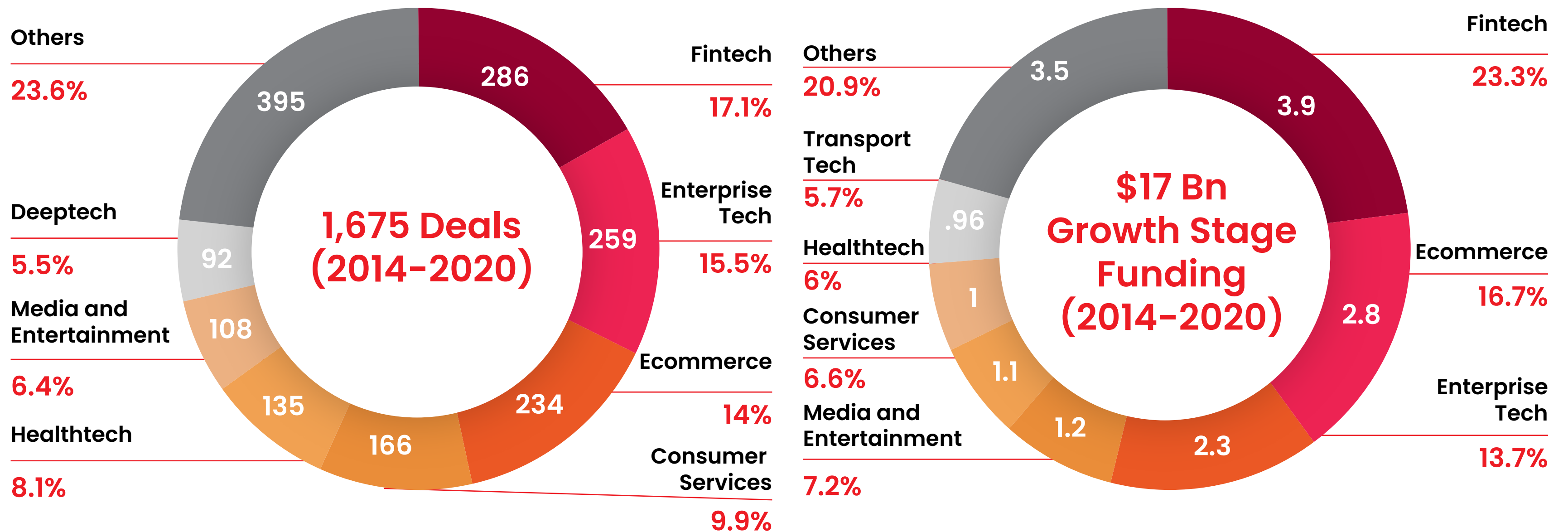
\$17 Bn Raised From 1,675 Growth Stage Funding Deals Between 2014 And 2020

Growth stage funding in India plunged 51% in 2020 compared to the previous year



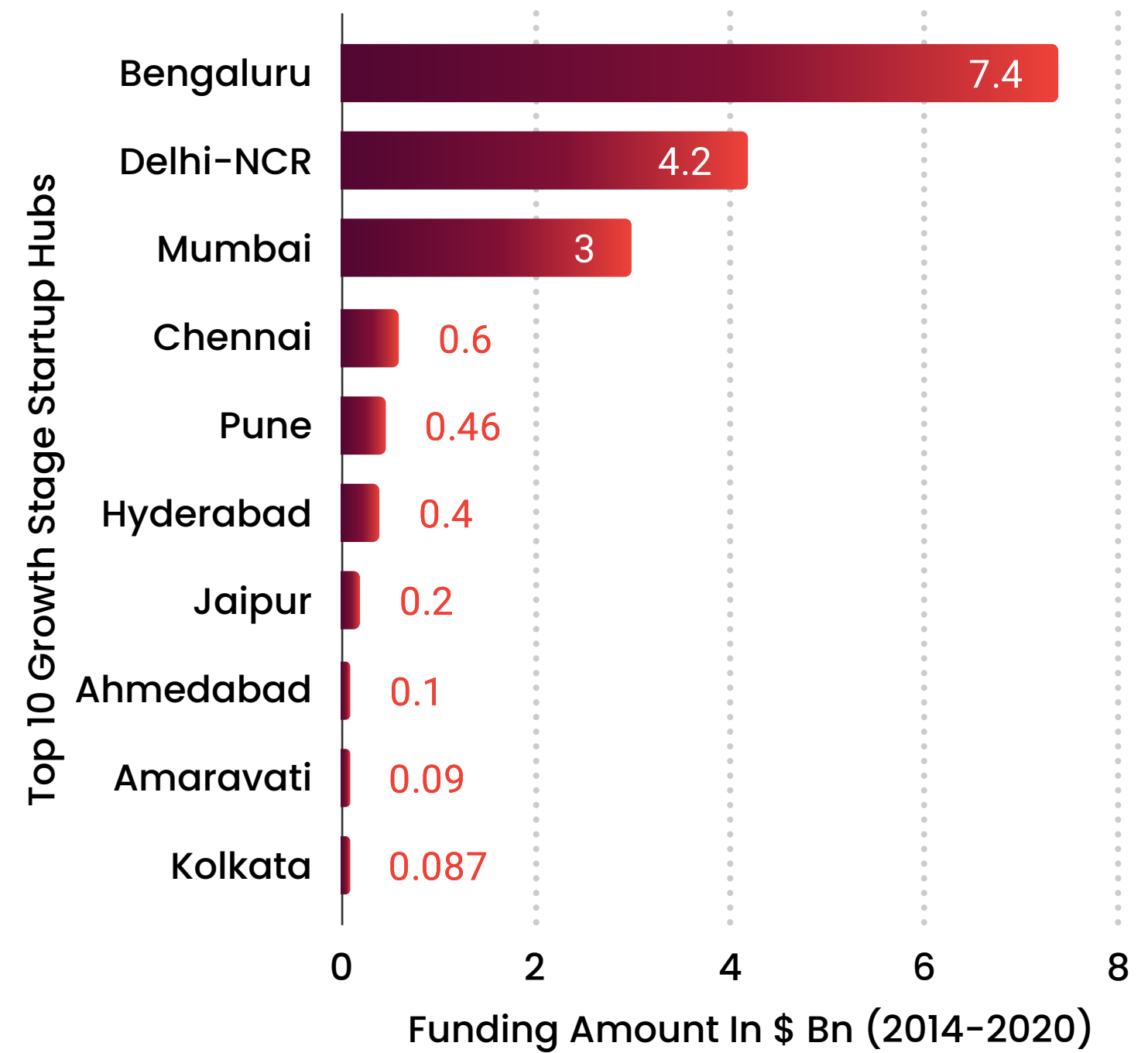
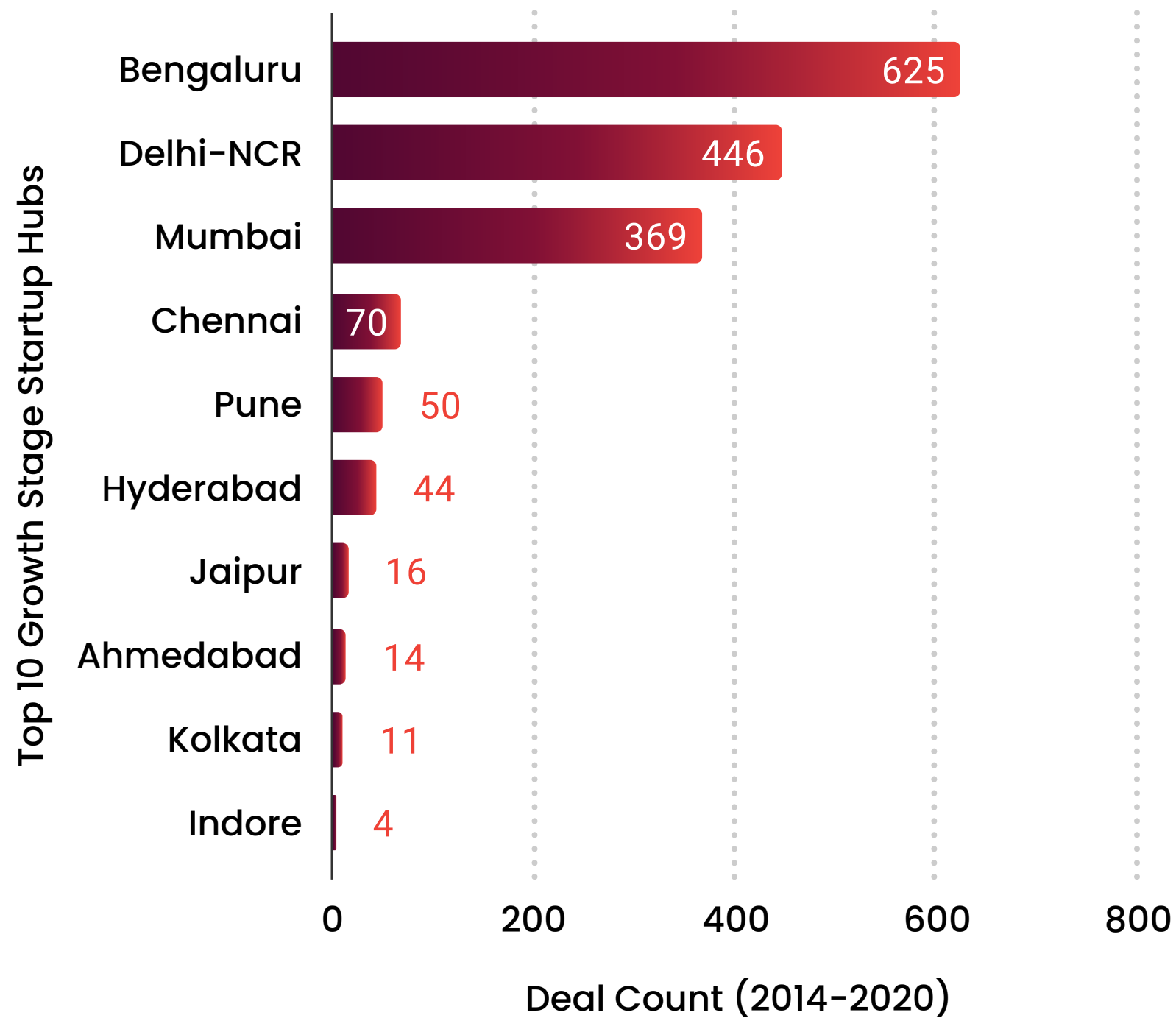
Fintech Is The Most Preferred Startup Sector At Growth Stage

Fintech deals accounted for 17% of the total funding deals and 23% of the funding amount recorded at the growth stage between 2014 and 2020



Growth Stage Funding In India: A Hub-Wise Comparison

Bengaluru-based startups raised \$7.4 Bn from 625 funding deals between 2014 and 2020



Late Stage Funding In India In A Nutshell

\$21 Mn

The median ticket size of late-stage funding in 2020

Ecommerce

Most preferred startup sector at the late stage in 2020

Bengaluru

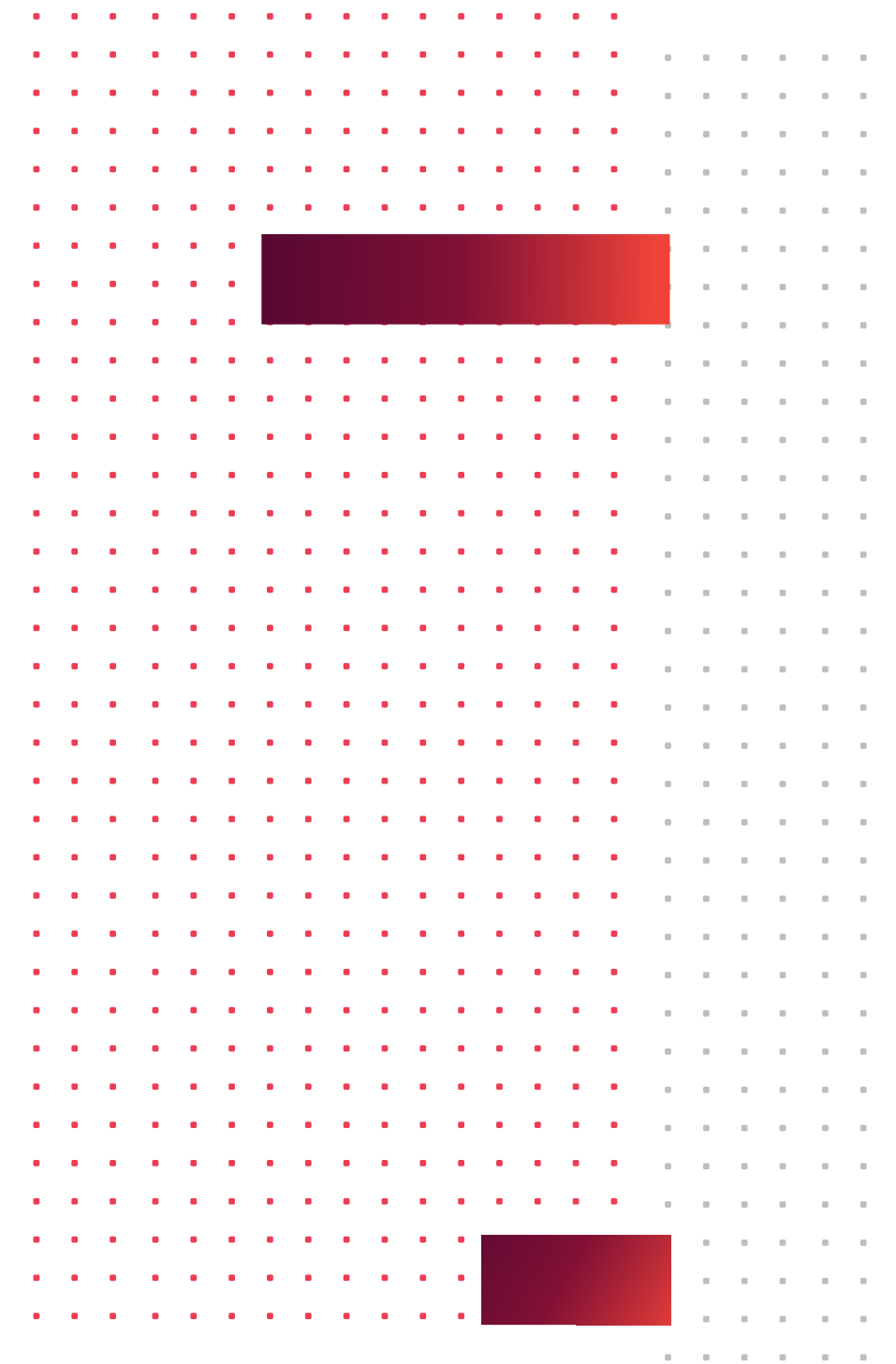
Hub with maximum share in late stage funding in 2020

103

Startups funded in 2020

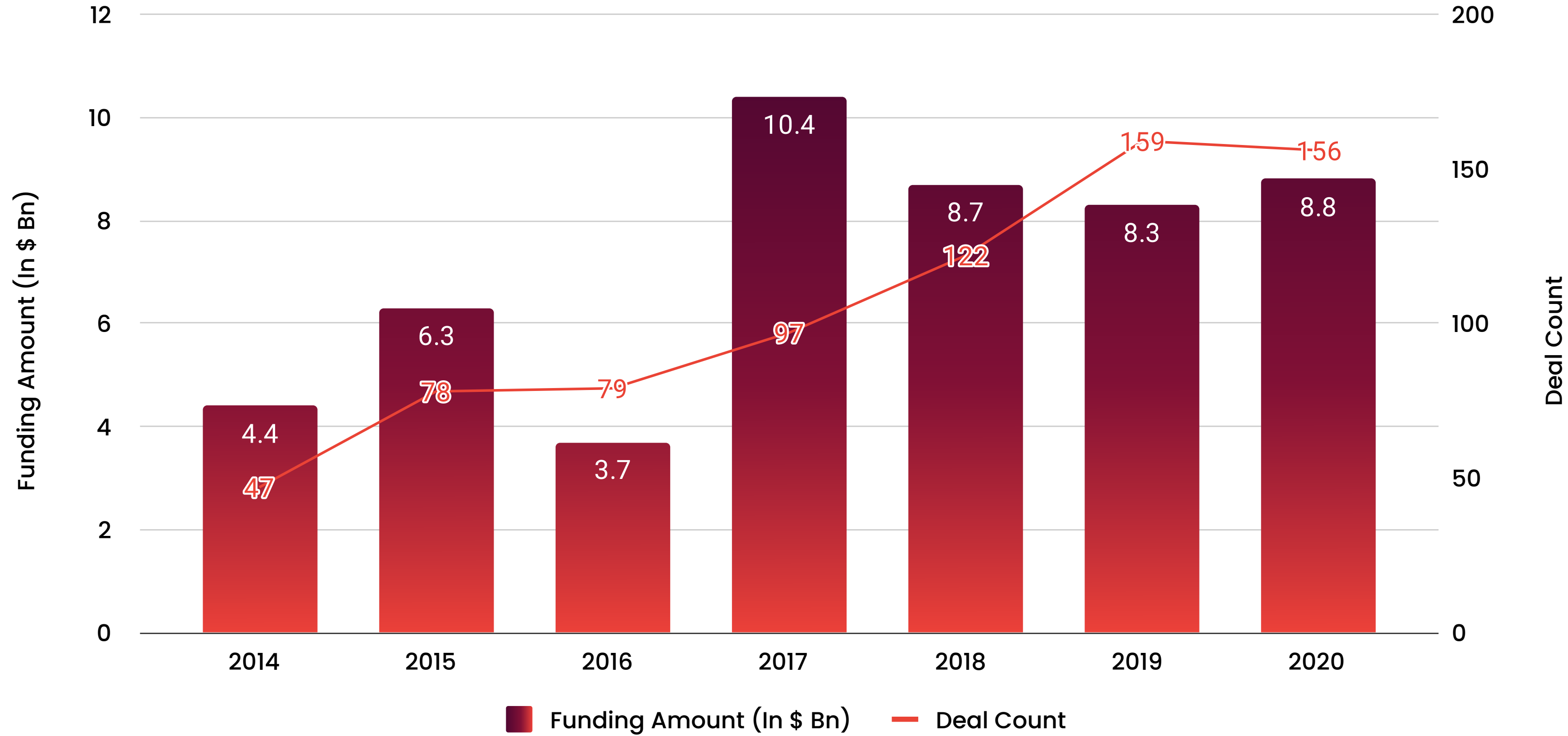
270

Investors backing Indian startups at the late stage



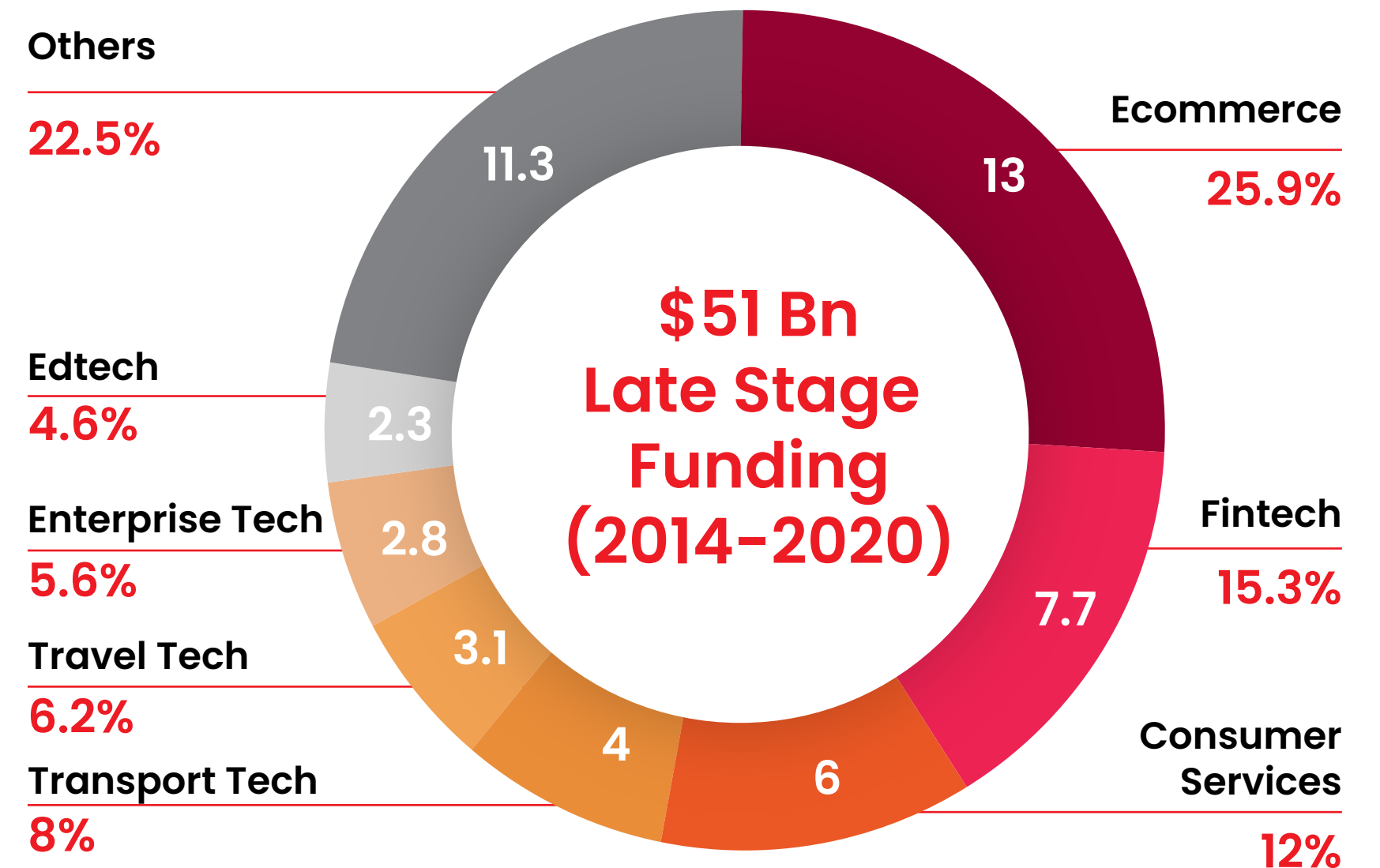
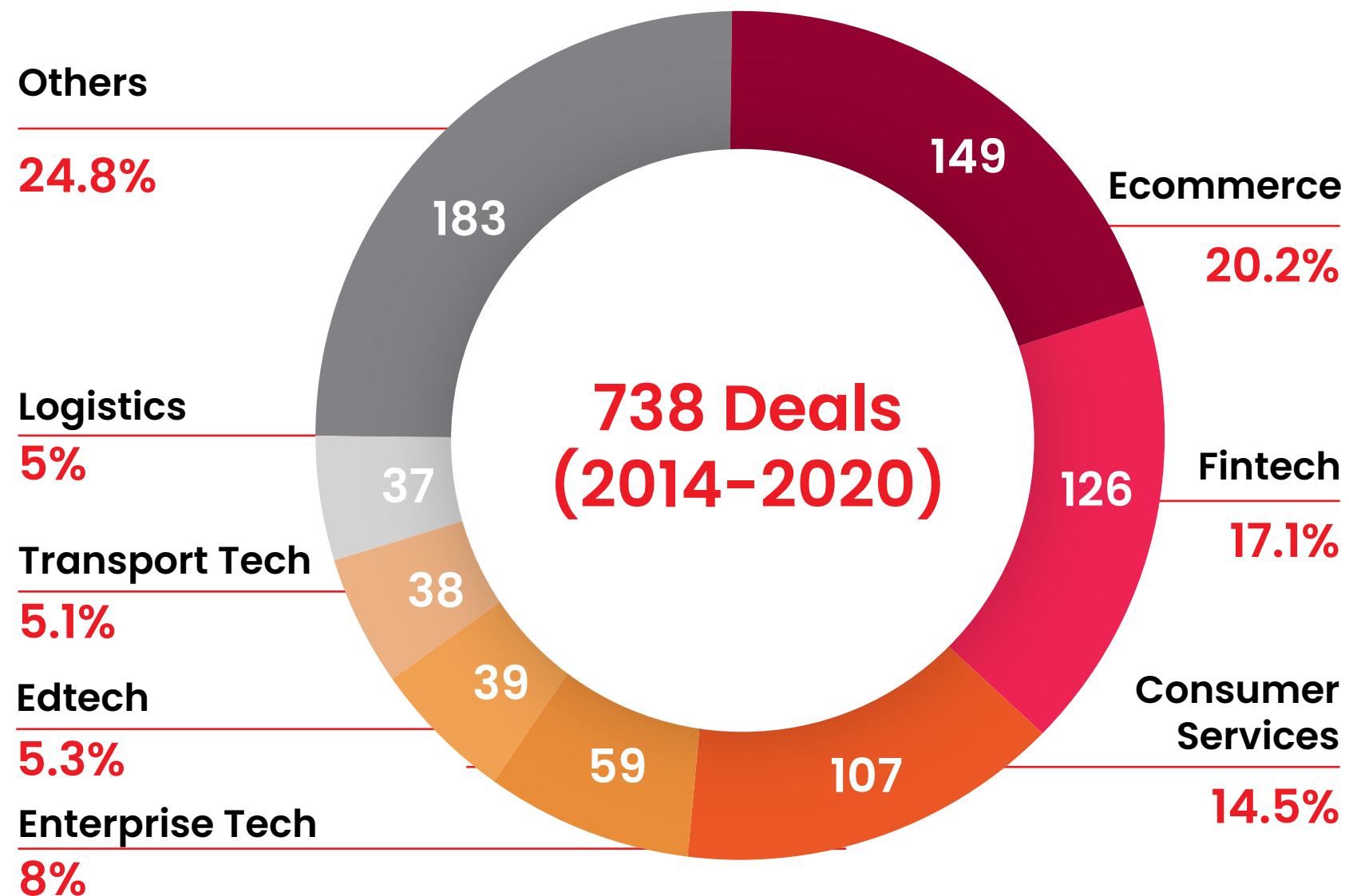
Late Stage Funding In India: A Year-On-Year Analysis

After a fall in 2018 and 2019, late-stage funding amount saw an uptick in 2020



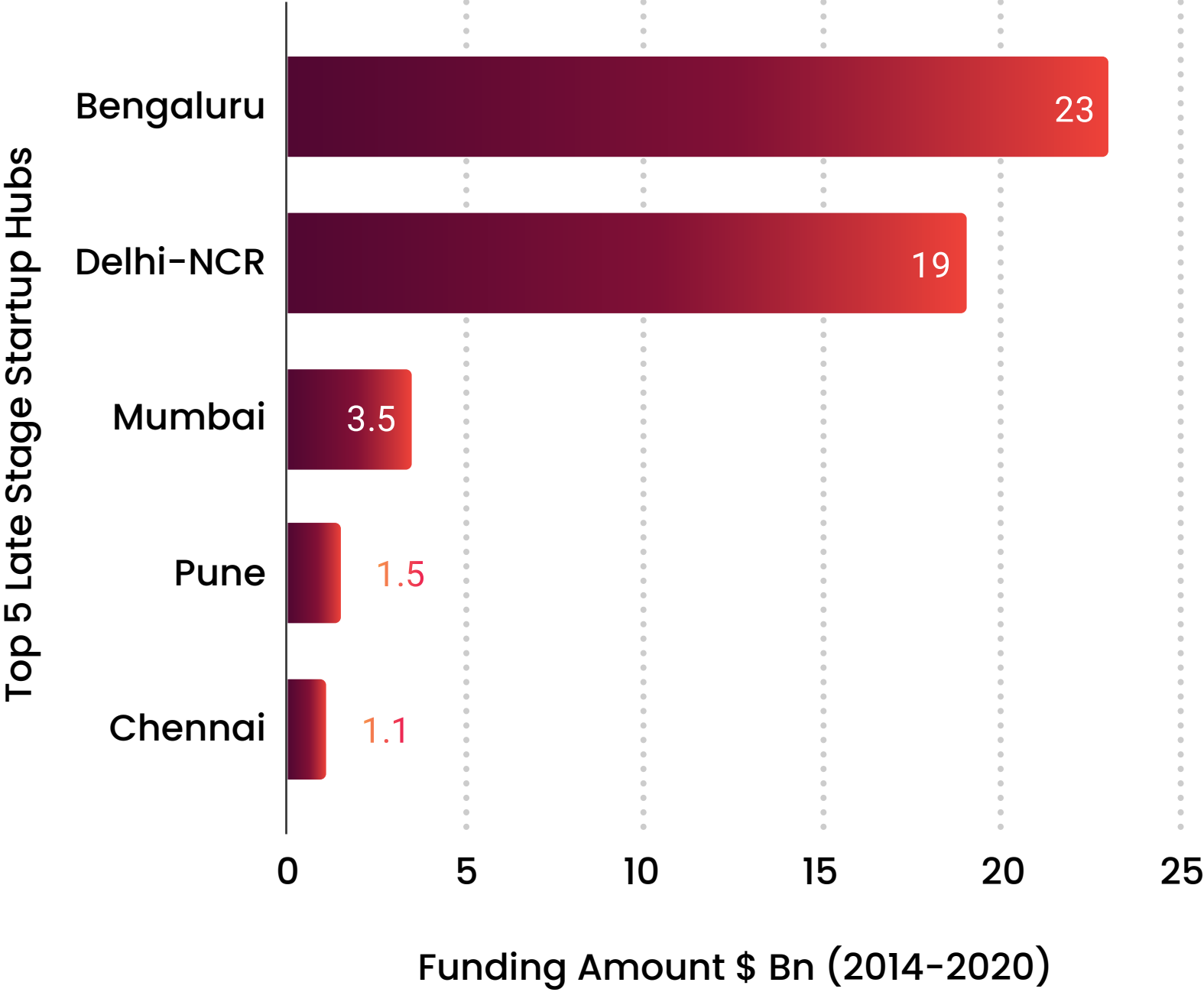
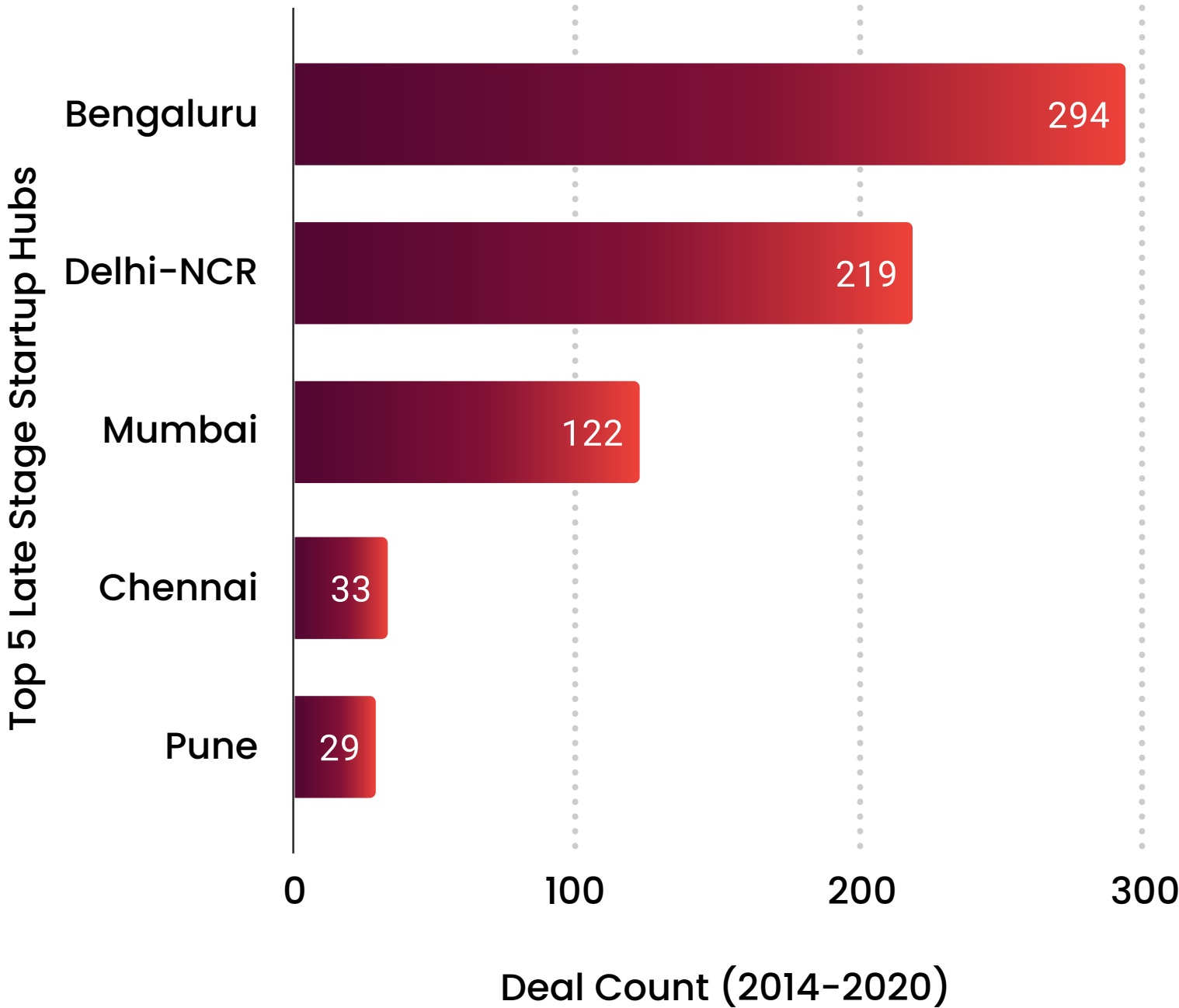
Ecommerce Startups Raise One-Fourth Of The Total Late Stage Funding In India

Between 2014 and 2020, ecommerce startups led in deal count and deal value, with the fintech sector a close second



Late Stage Funding In India: A Hub-Wise Comparison

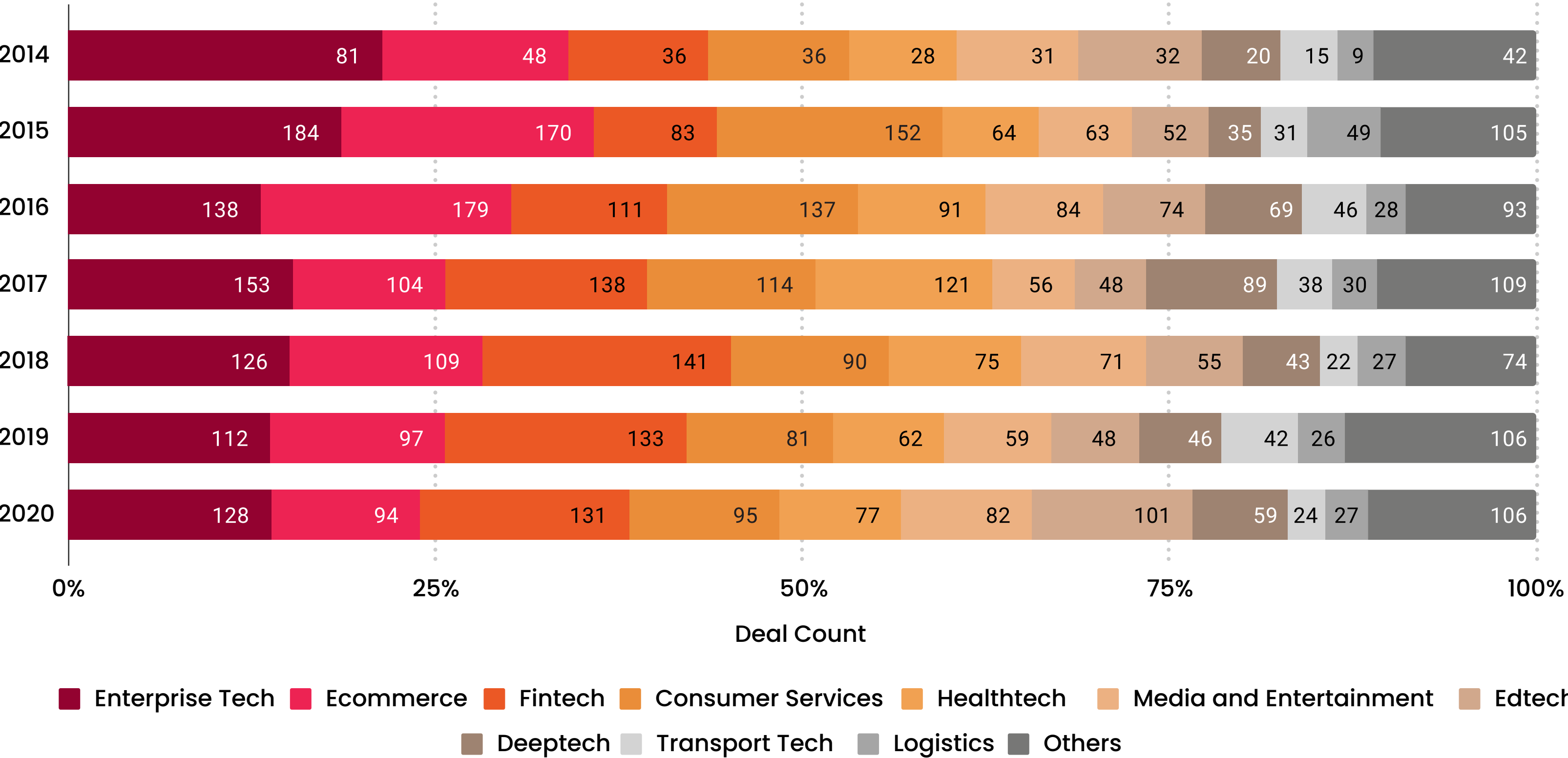
Bengaluru dominates late-stage startup funding in India with \$23 Bn raised from 294 deals between 2014 and 2020



Sector-Wise Analysis

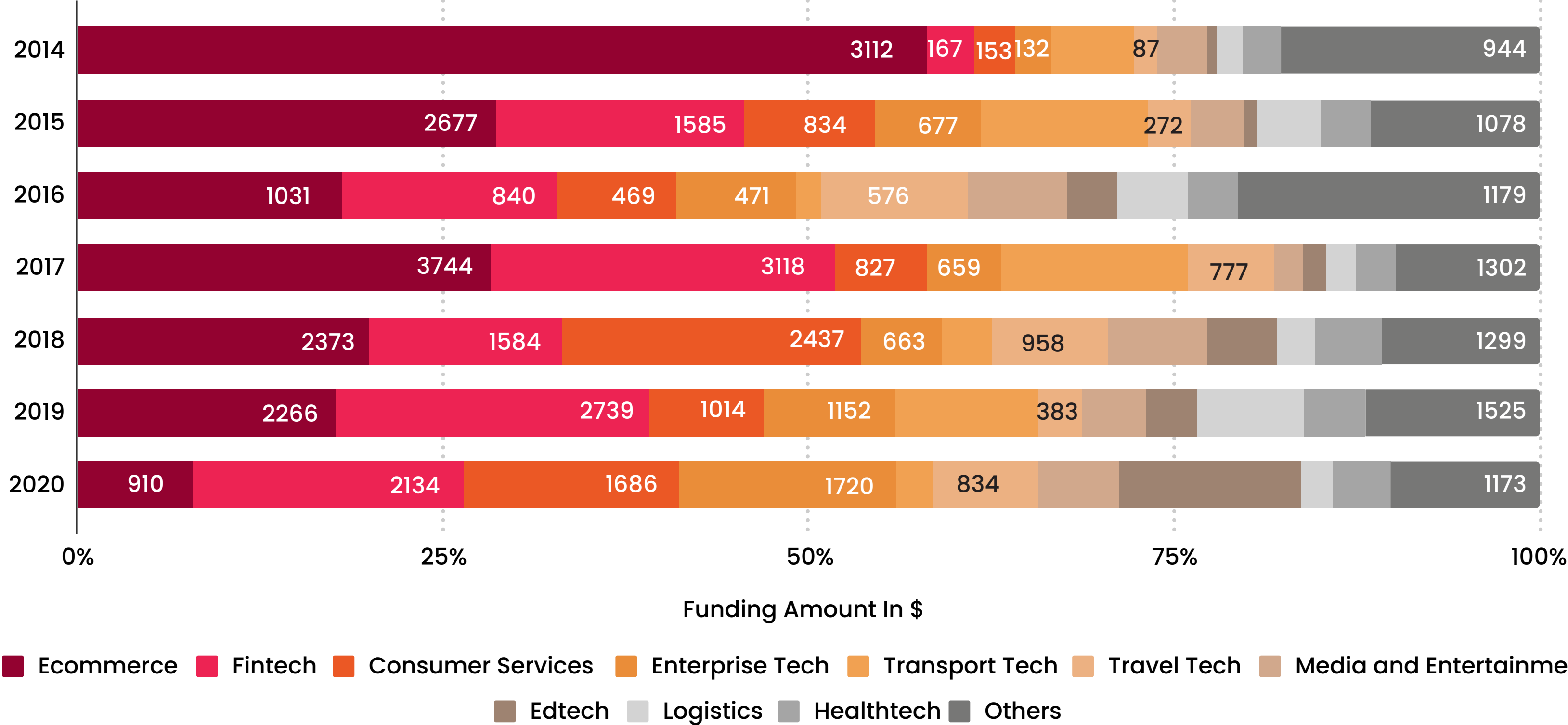
Enterprise Tech Recorded Maximum Deals Between 2014 And 2020

India's enterprise tech startups bagged 922 out of 5,985 startup funding deals during 2014-2020



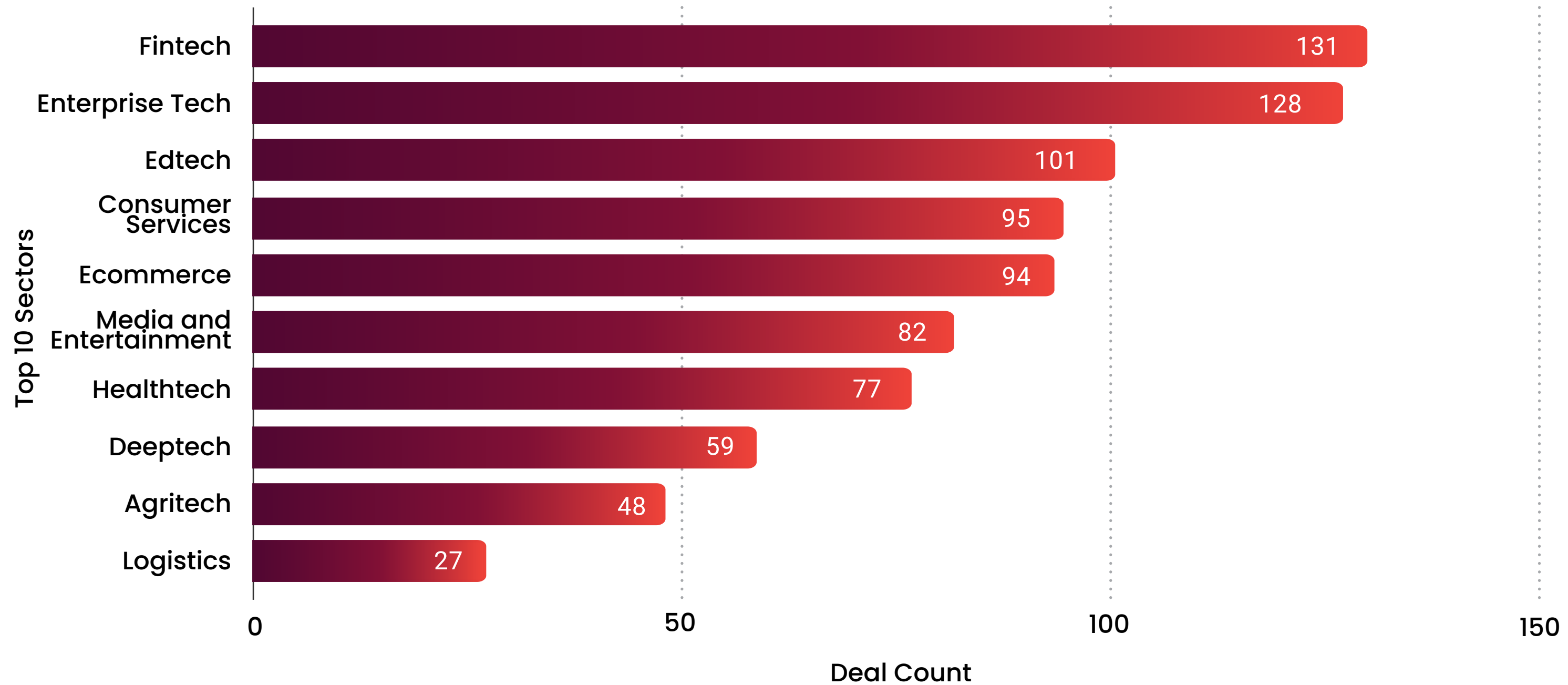
Ecommerce Emerged As The Top Startup Sector Based On Funding Amount

Between 2014 and 2020, \$16 Bn out of \$70 Bn of startup funding was poured into ecommerce



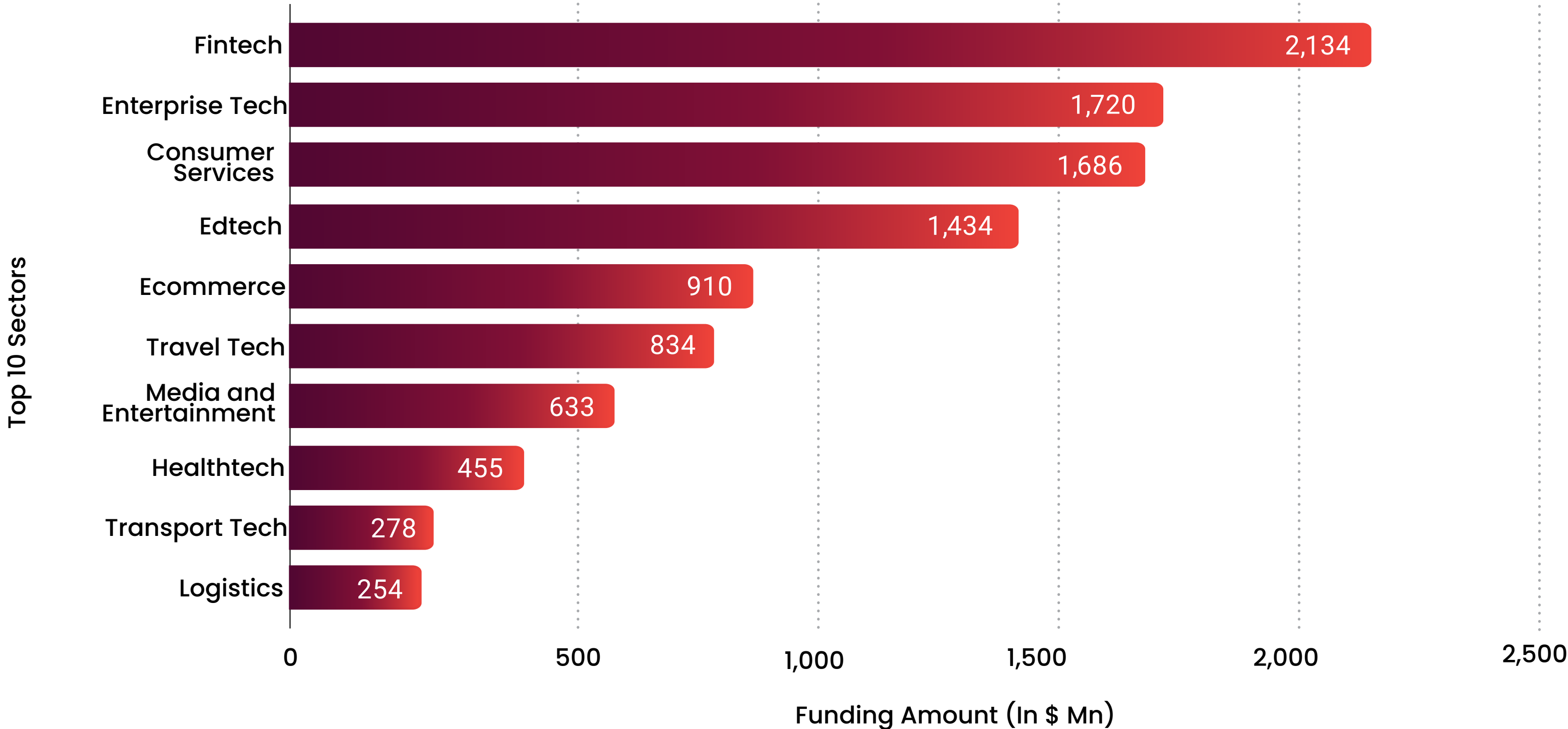
India's Top 10 Startup Sectors In 2020 By Funding Deals

Unsurprisingly, edtech startups accounted for a big chunk of all deals in 2020, while investments in D2C ecommerce also saw healthy growth



India's Top 10 Startup Sectors In 2020 By Funding Amount

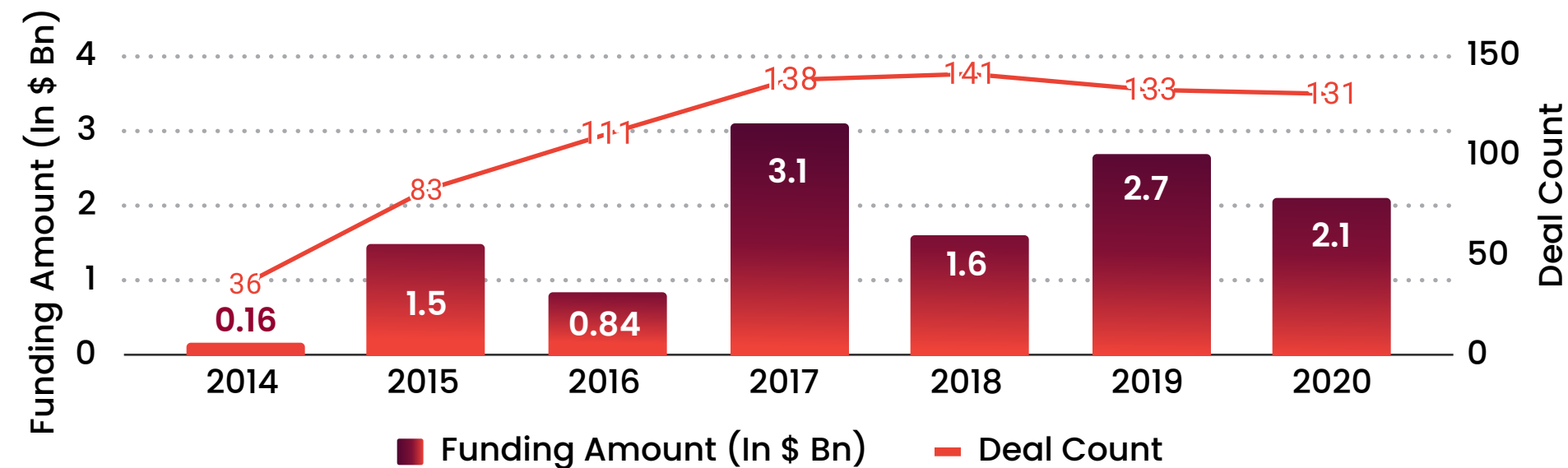
Edtech climbed the ranks in 2020, while fintech continued to be the top-funded sector



India's Fintech Sector At A Glance

Fintech Startups Secured \$12 Bn From 773 Deals Between 2014 And 2020

Compared to 2019, the funding amount and deal count plunged 22% and 2%, respectively, for the fintech sector in India



4,270 Fintech Startups Launched In India To Date

773 Indian Fintech Startups Funded Between 2014 And 2020

\$12 Bn Raised By Indian Fintech Startups Between 2014 And 2020

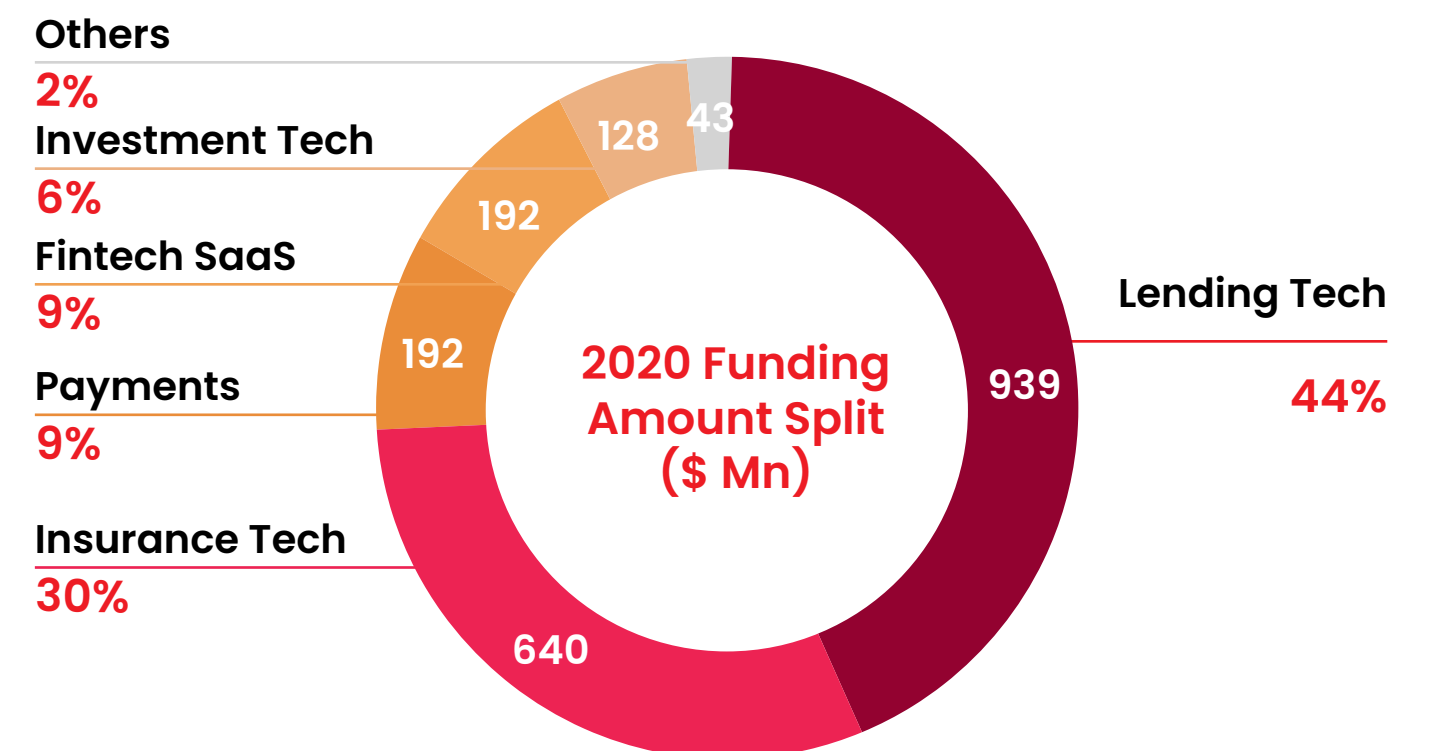
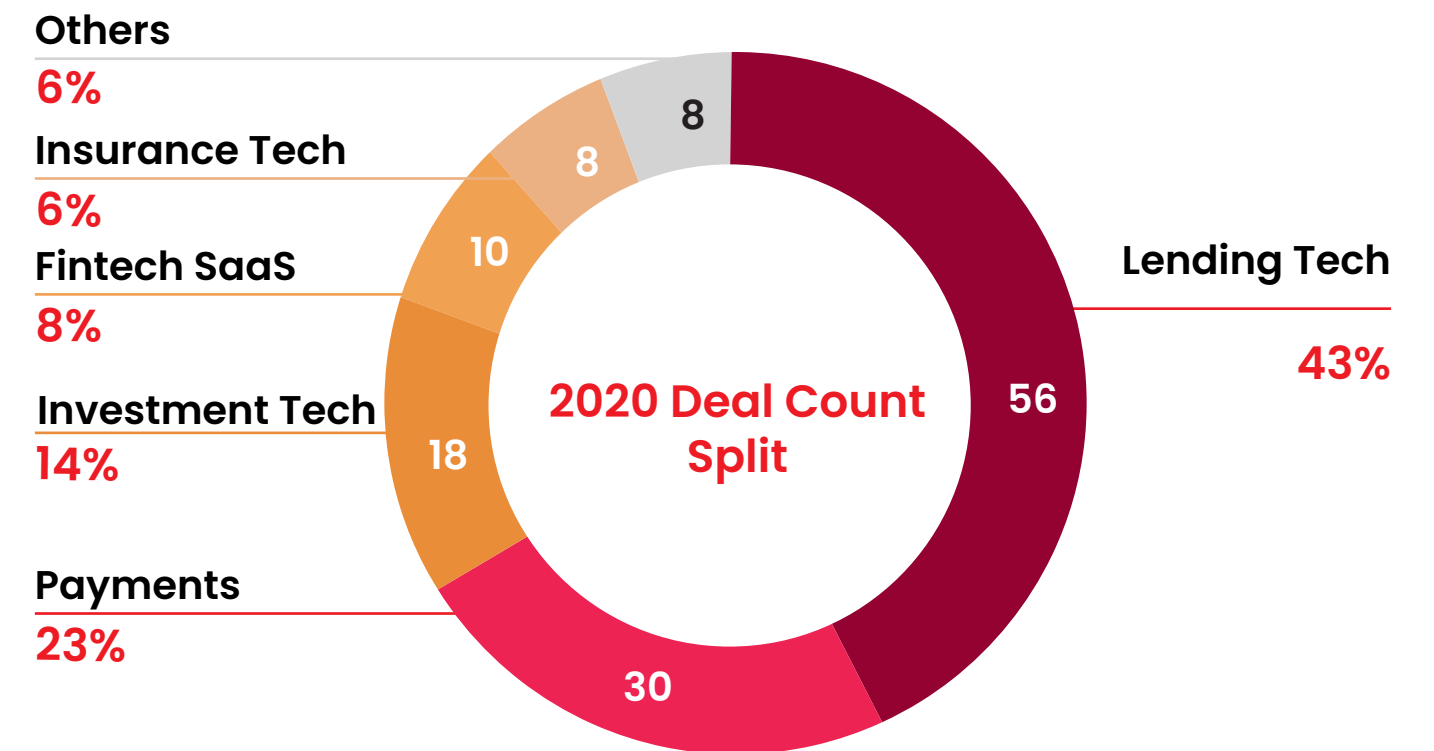
10 Unicorns

16 Soonicorns

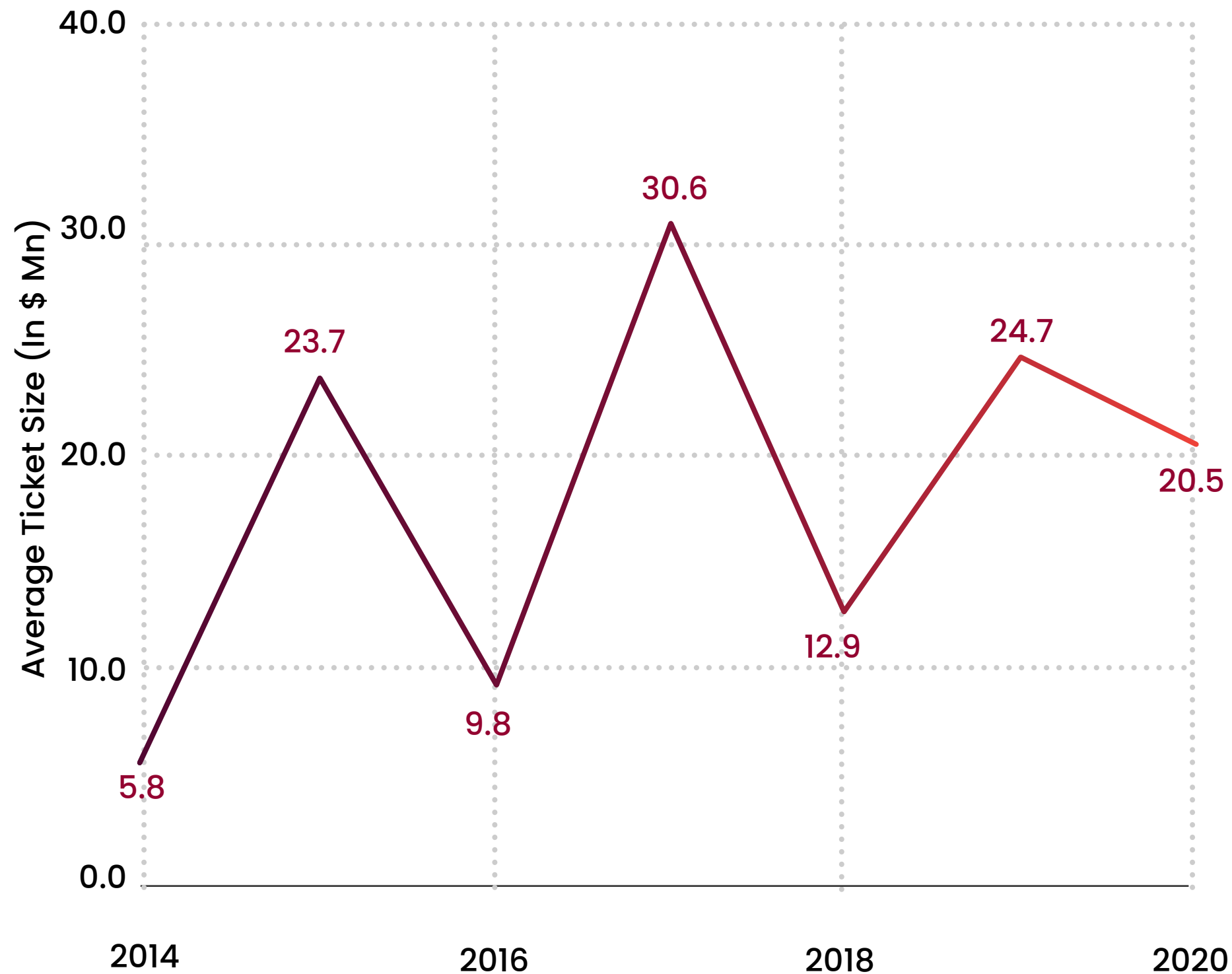
Notable Startups: **paytm**, **CRED**, **PhonePe**, **LENDINGKART**, **ZERODHA**

Active Investors: **SEQUOIA**, **kalaari capital**, **SAIFPartners**

Lending Tech Startups Dominate The Fintech Funding Landscape In 2020



The Pandemic Reduced The Average Ticket Size Of Fintech Funding By 17% In 2020



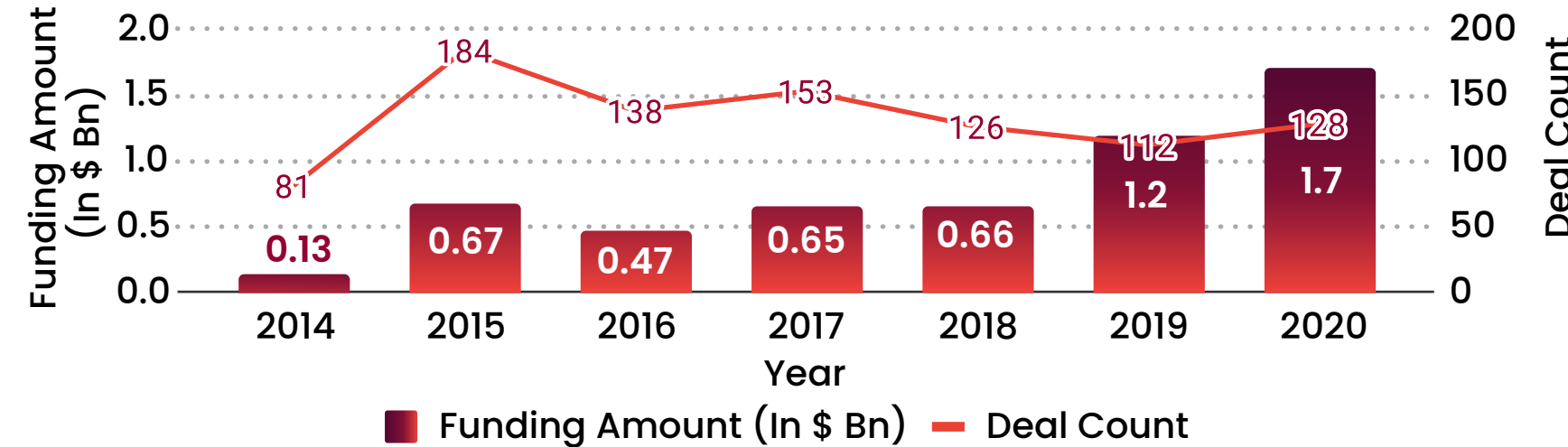
Key Insights From The Sector

- The current digital infrastructure enabling the fintech ecosystem has its share of limitations on several fronts, including precision and efficiency, data security and fraud monitoring. But the growing application of AI/ML-based systems across the ecosystem can significantly enhance overall functionality.
- Digital lending and insurance have the highest addressable markets in India. In the case of lending, the opportunity is primarily driven by formal NBFCs' and banks' inability to cater to the masses. For insurance tech, the opportunity is largely driven by the growing financial literacy among Indians and the easy access provided by digital players.
- Among the four main fintech subsectors – payments, lending tech, insurance tech and investment tech – insurance tech (58%), investment tech (53%) and lending tech (44%) recorded the highest CAGR in 2015-2020 in terms of total funding. In contrast, digital payments clocked a negative growth rate (-32%), indicating diminishing investor confidence towards this subsector due to market saturation caused by established players.

India's Enterprise Tech Sector At A Glance

Enterprise Tech Startups Raised \$5.6 Bn From 922 Deals Between 2014 And 2020

Compared to 2019, the funding amount and deal count surged 49% and 14% respectively in 2020 for enterprise tech startups in India



6,987 Enterprise Tech Startups Launched In India To Date

608 Indian Enterprise Tech Startups Funded Between 2014 And 2020

\$5.6 Bn Raised By Indian Enterprise Tech Startups Between 2014 And 2020

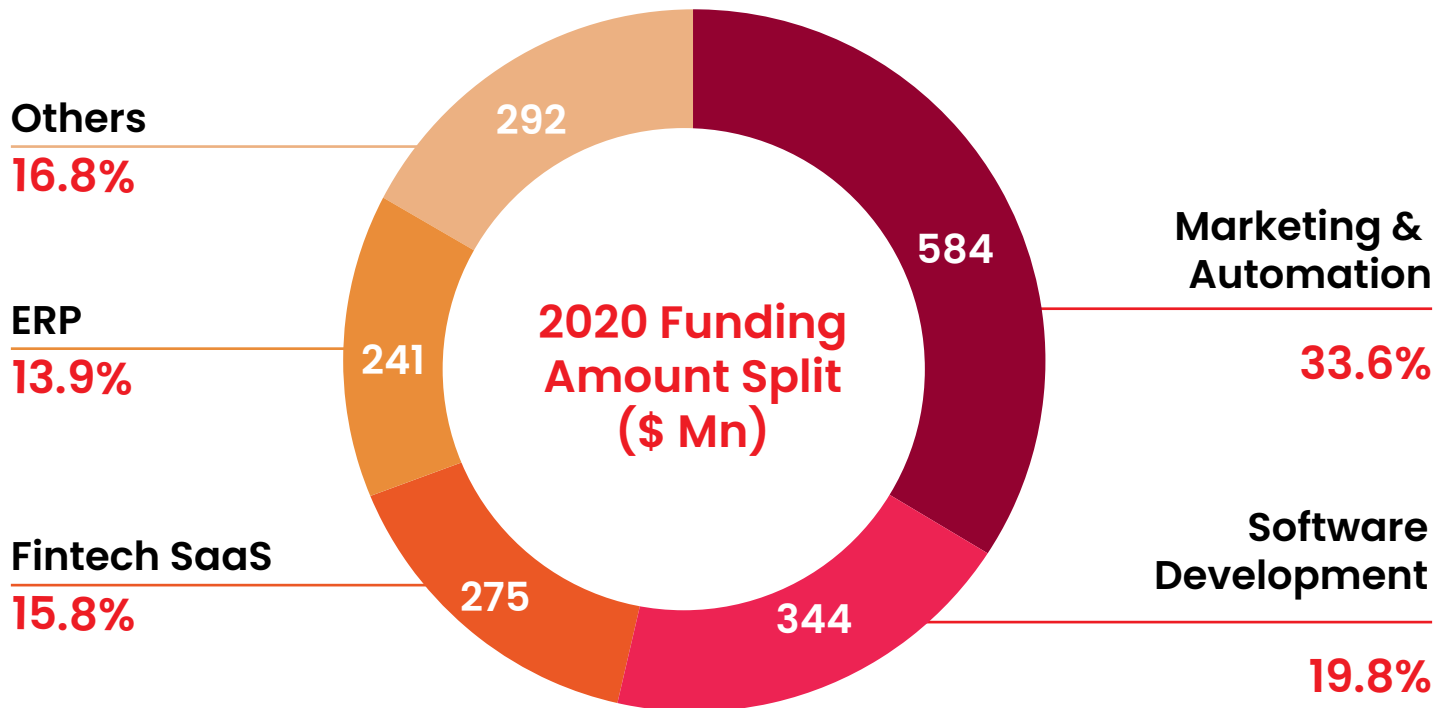
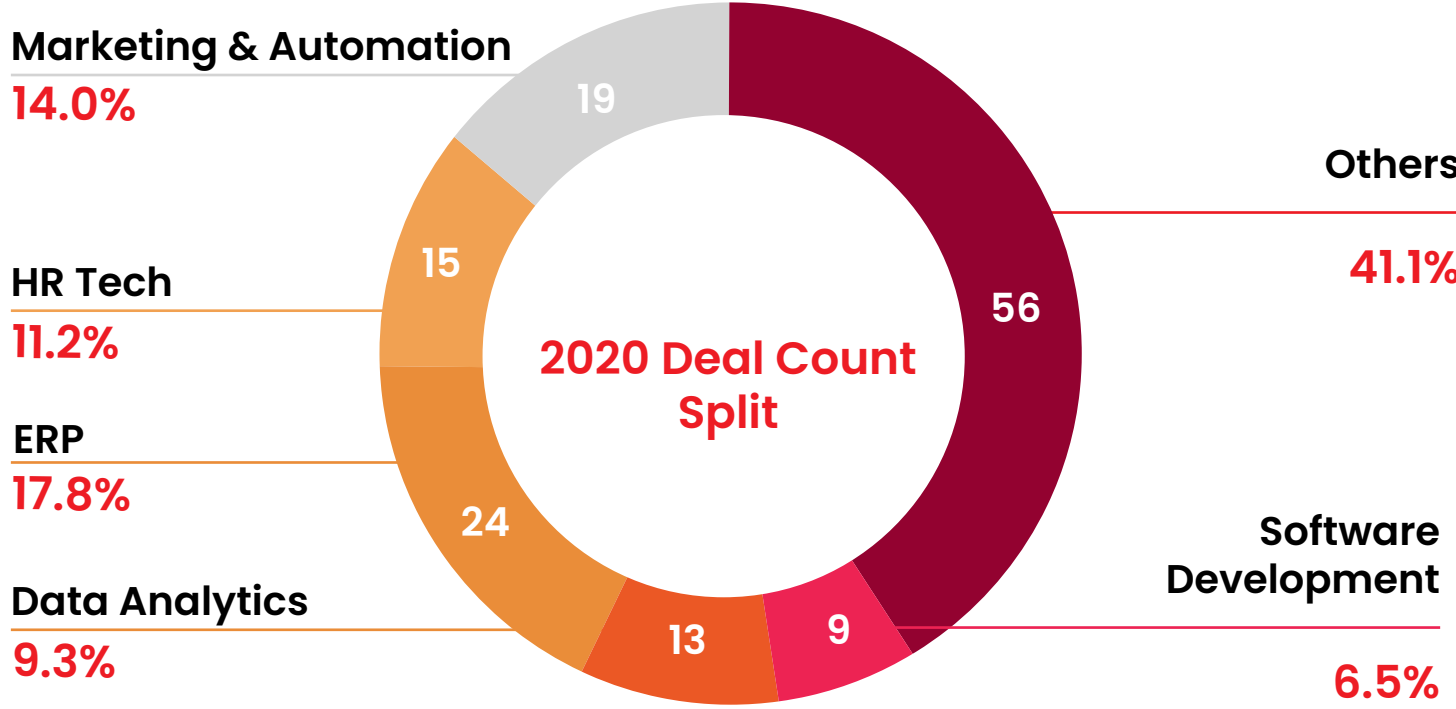
8 Unicorns

4 Soonicorns

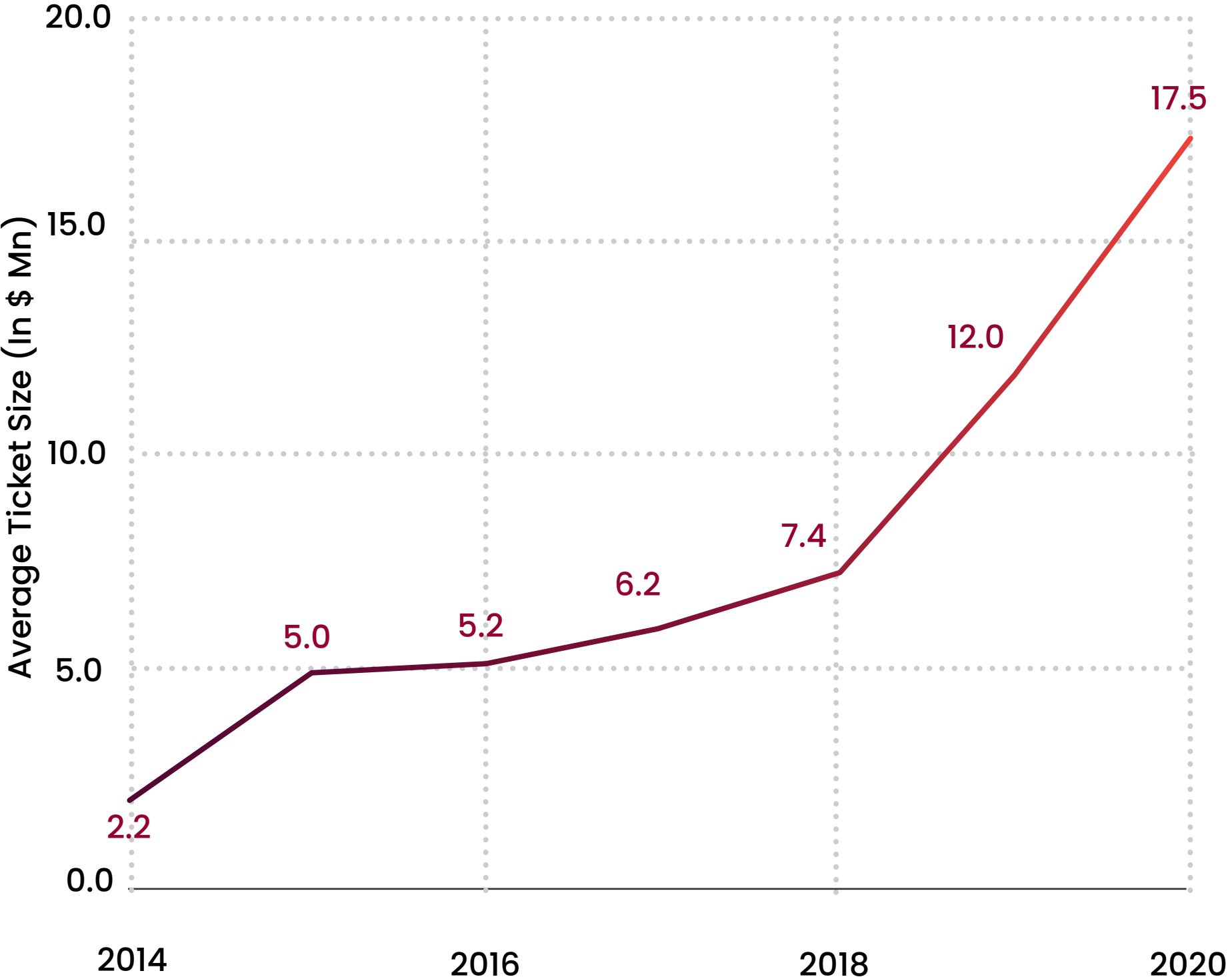
Notable Startups: Zoho, Freshworks, Kissflow, Druva, Postman

Active Investors: Sequoia, Accel Partners, Chiratae Ventures

Marketing And Sales Automation Solutions Were The Primary Choice Of Indian Startup Investors In 2020



Enterprise Tech Startups' Average Funding Ticket Size Soared To \$17.5 Mn, The Highest In The Past Six Years



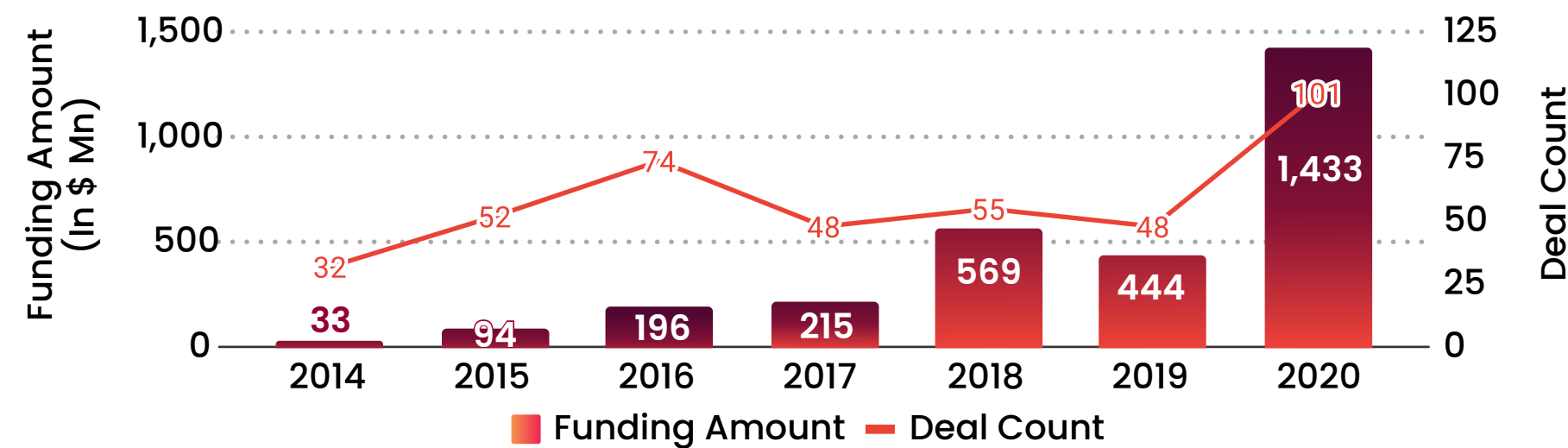
Key Insights From The Sector

- The pandemic increased the addressable market for horizontal SaaS solutions to a large extent. Any company that did not use a software suite to manage its operations is now a potential target. SaaS startups in offline-to-online (O2O) marketing and enablement, enterprise resource planning (ERP) and customer relationship management (CRM) have a golden opportunity in India.
- In addition to a growing addressable market for enterprise tech solutions in the country, the sector has relatively higher exit opportunities. This can be ascertained as enterprise tech startups have the highest share (19.4%) among a total of 711 M&A deals recorded across the Indian startup ecosystem between 2015 and 2020
- Between 2019 and 2020, the funding amount in enterprise tech startups surged 49% (from \$1.2 Bn to \$1.7 Bn), and the deal count grew 14% (from 112 to 128). This indicates a rise in investor confidence.

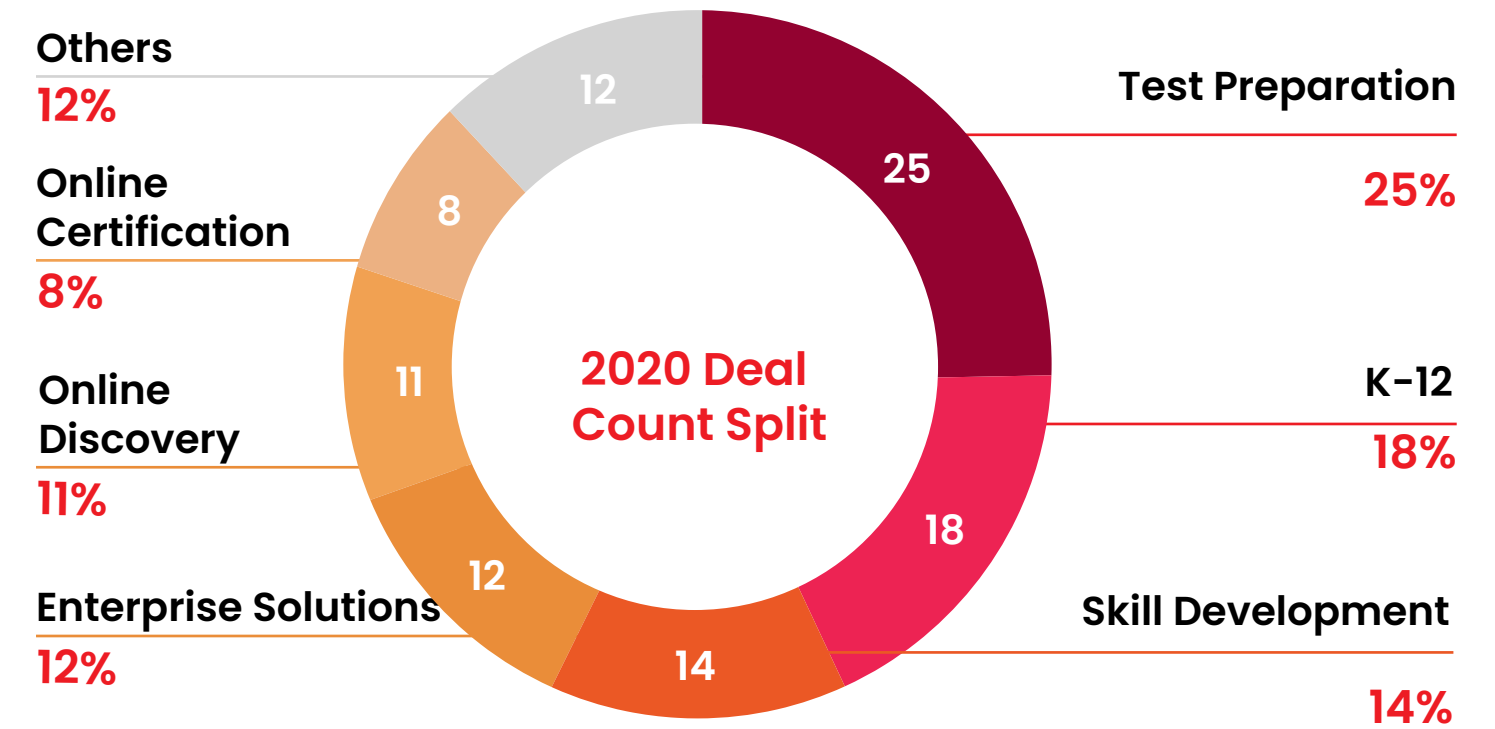
India's Edtech Sector At A Glance

Edtech Startups Secured \$3 Bn From 410 Deals Between 2014 And 2020

Compared to 2019, Indian edtech startups saw a surge of 223% and 110% in funding amount and deal count, respectively, in 2020



Test Preparation Startups Were Investors' Favourite In 2020



2,717

Edtech Startups Launched In India To Date

250

Indian Edtech Startups Funded Between 2014 And 2020

\$3 Bn

Raised By Indian Edtech Startups Between 2014 And 2020

2

Unicorns

2

Soonicorns

Notable Startups



Active Investors



Others

2.4%

Enterprise Solutions

1.9%

Skill Development

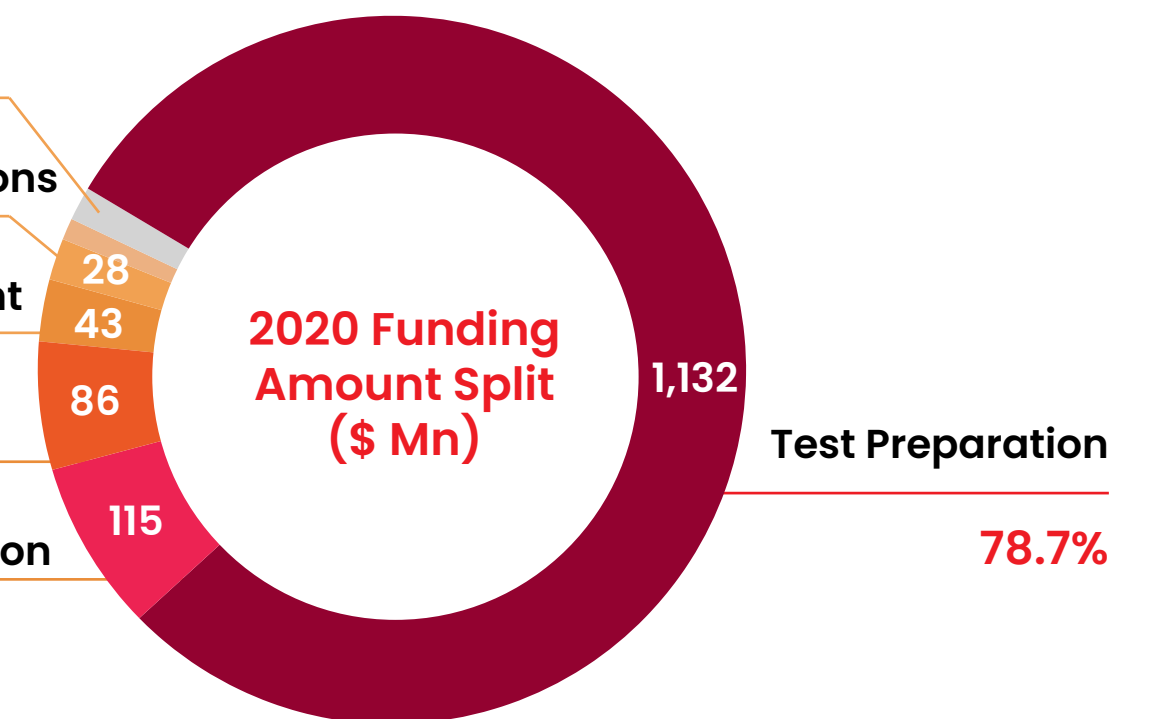
3%

K-12

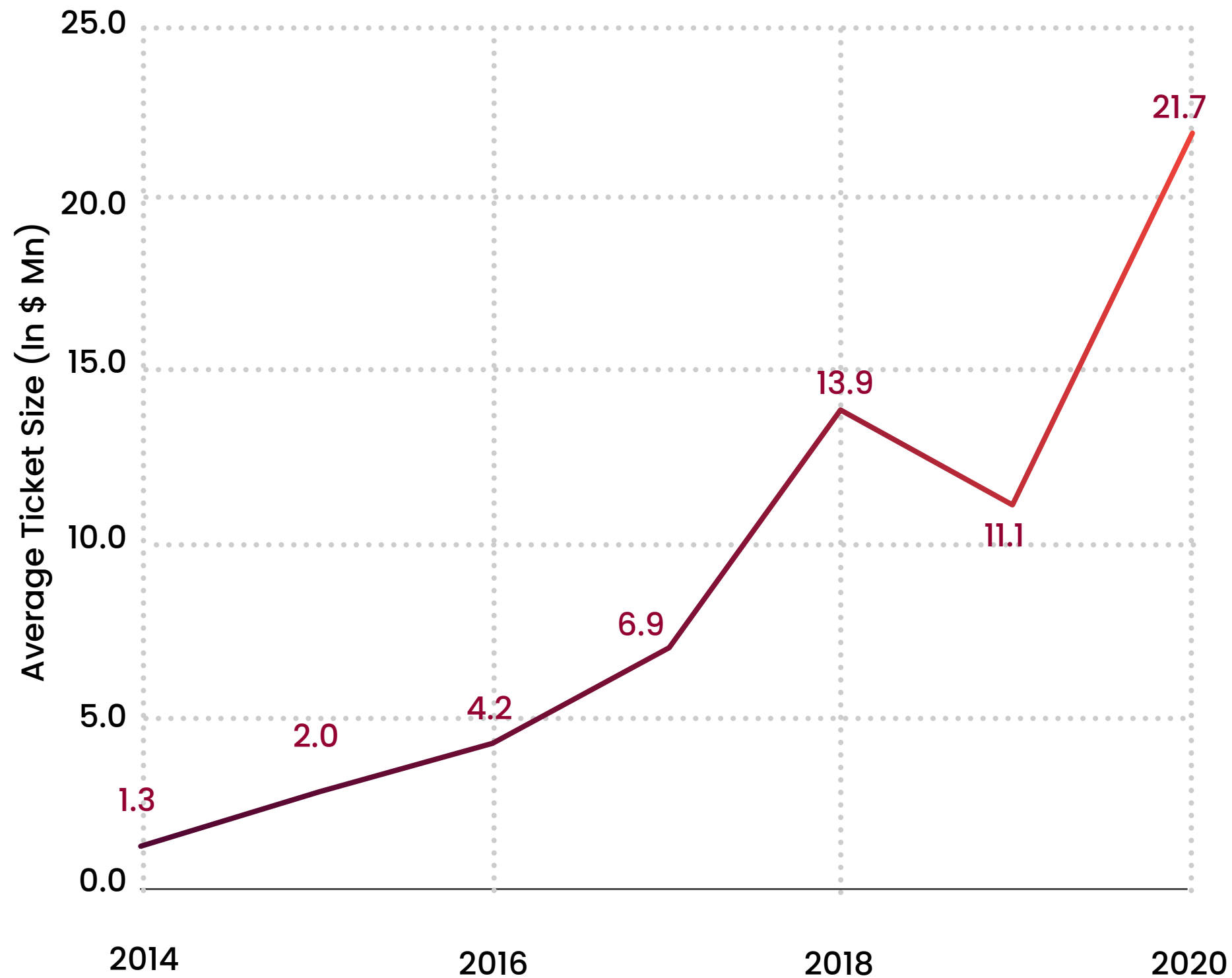
6%

Online Certification

8%



Edtech's Average Funding Ticket Size Peaked To \$21.7 Mn, The Highest In Past Six years



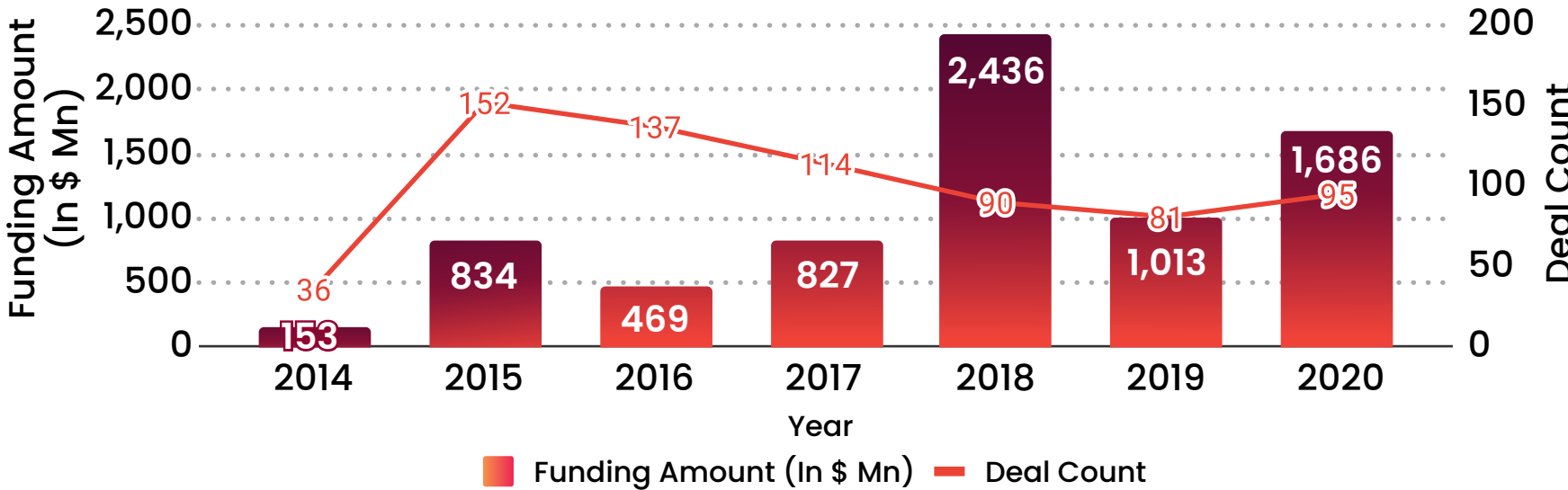
Key Insights From The Sector

- Considering that the pandemic has brought plenty of momentum in edtech adoption in India, its market size is estimated to grow 3.7x in the next five years, from \$2.8 Bn (2020) to \$10.4 Bn (2025).
- The meteoric rise in edtech startup funding in 2020 can be attributed to the investment rounds raised by late-stage edtech startups – BYJU’S, Unacademy and Vedantu. Together, these three startups raised 79% of the total capital inflow in the sector (\$1.1 Bn out of \$1.4 Bn) in 2020.
- As education holds an important place in most Indian households, edtech startups have managed to rake in a decent amount of revenue. In FY19, India’s top 38 edtech startups’ aggregate revenue stood at \$303 Mn, 2.1x higher than \$145 Mn clocked in the previous financial year. The median revenue surge during FY18-19 was 78% compared to the median expenditure growth of 43%.

India's Consumer Services Sector At A Glance

Consumer Services Startups Secured \$7.4 Bn From 705 Funding Deals Between 2014 And 2020

Compared to 2019, the funding amount and deal count surged 66% and 17%, respectively, in 2020 for Indian consumer services startups

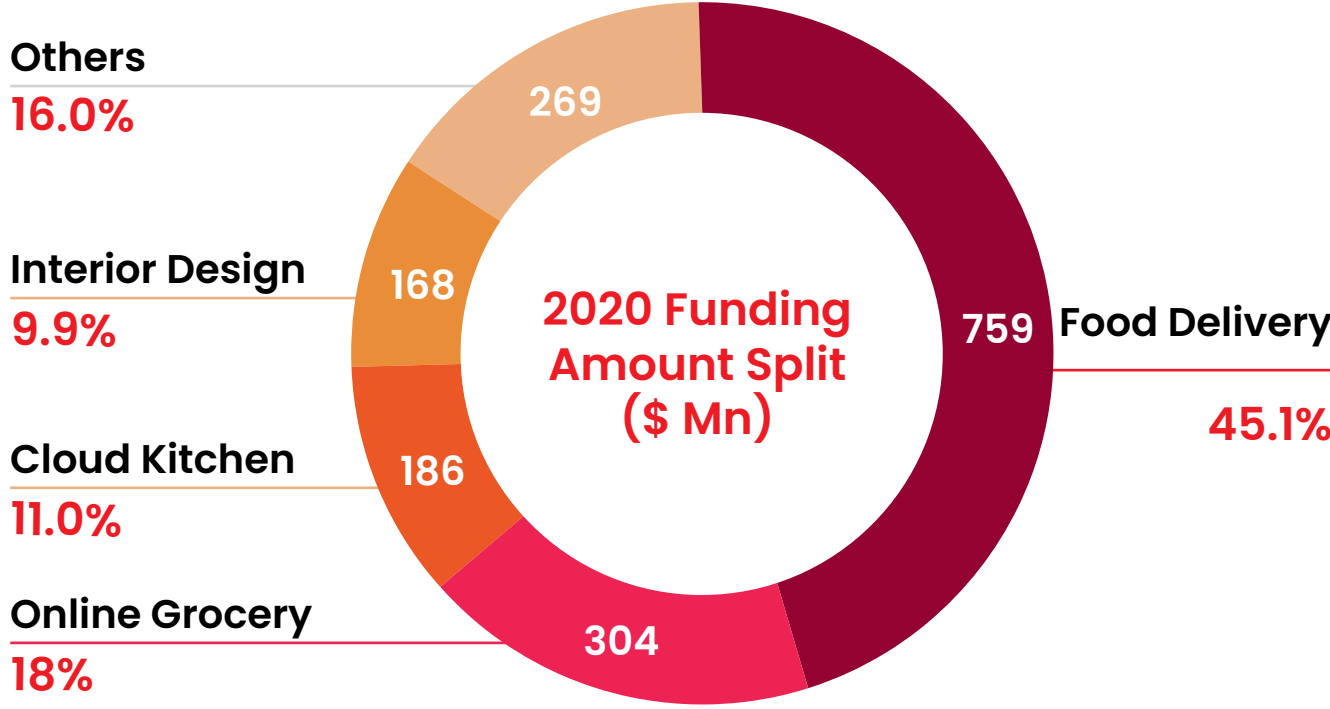
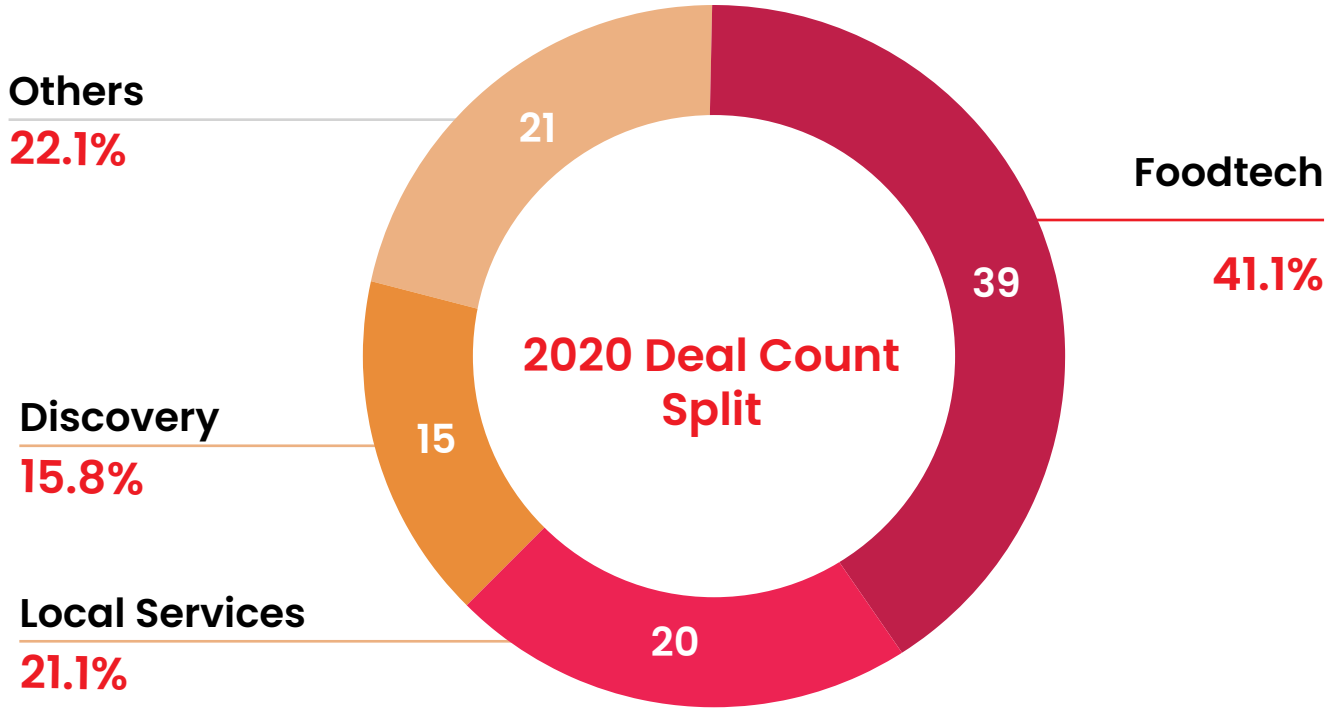


- 4,270** Consumer Services Startups Launched In India To Date
- 372** Indian Consumer Services Startups Funded Between 2014 And 2020
- \$7.4 Bn** Raised By Indian Consumer Services Startups Between 2014 And 2020
- 6** Unicorns
- 7** Soonicorns

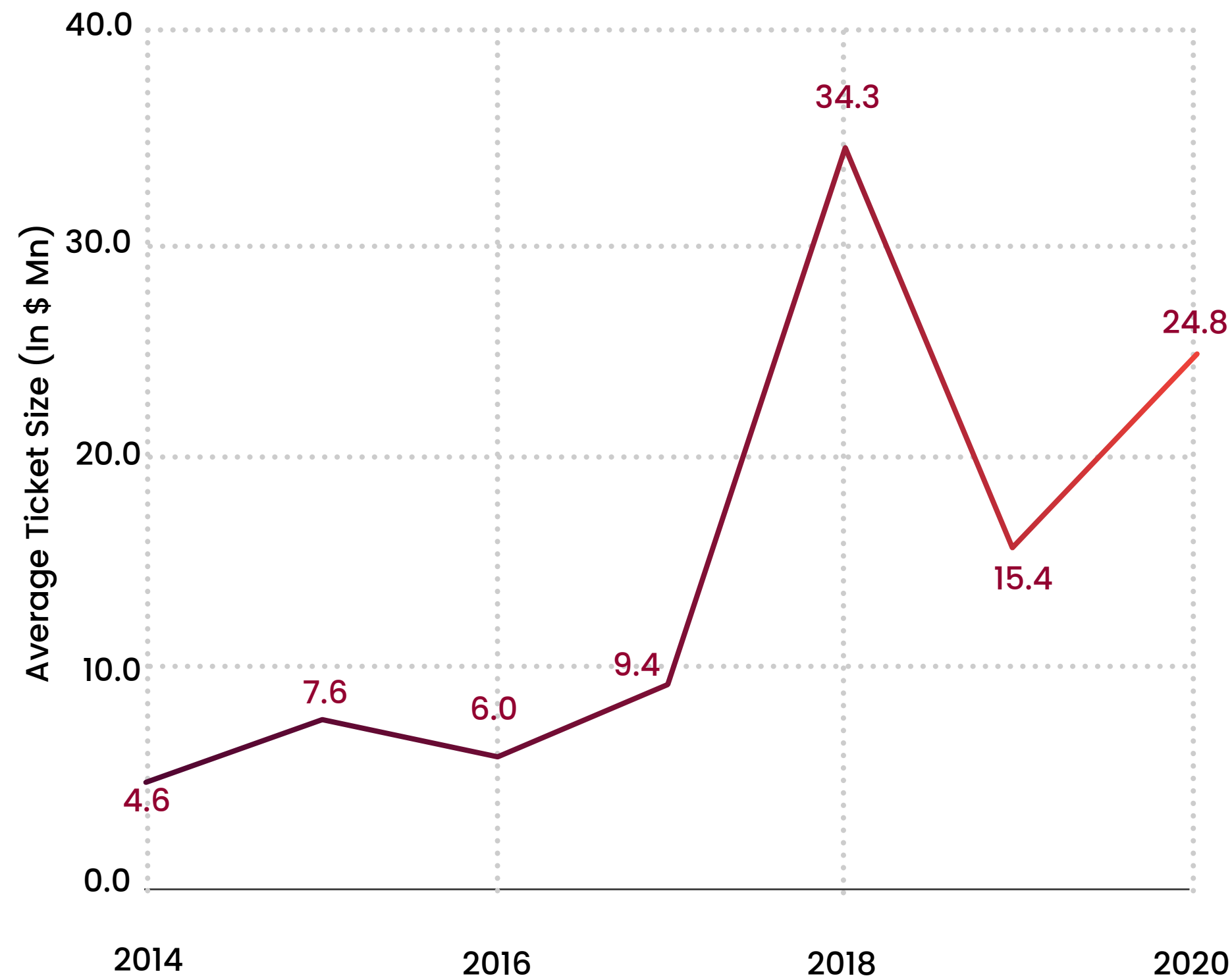
Notable Startups | bigbasket | GROFERS | UrbanClap | zomato

Active Investors | SEQUOIA | ACCEL PARTNERS | chiratae VENTURES

Hyperlocal Delivery Startups Saw Maximum Investor Interest In 2020



Growing Investor Confidence In Hyperlocal Startups In 2020 Saw An Uptick In Average Funding Ticket Size To \$25 Mn



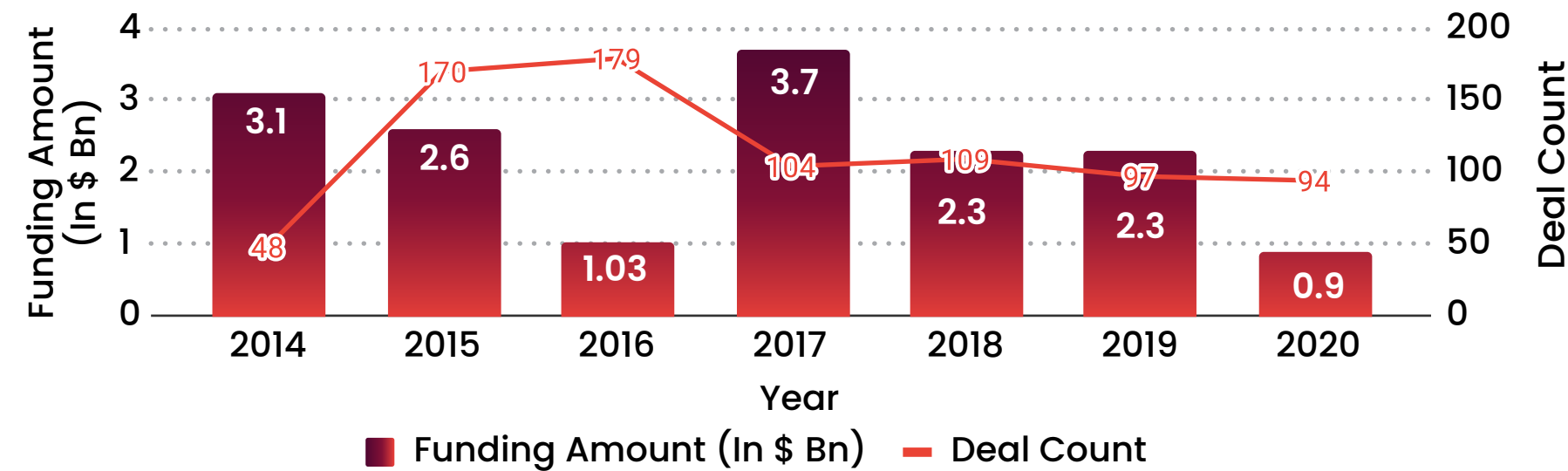
Key Insights From The Sector

- Food delivery, FMCG and online grocery are among the top subsectors in the consumer services space. Companies operating in this segment witnessed an unprecedented surge in adoption during the pandemic. The fast-growing adoption of these services by the masses also fuelled investor confidence in this sector.
- Companies operating in the consumer services space usually have high operational expenditure. Therefore, a constant capital infusion is a top priority for startups looking to expand their operations here.
- Exit opportunities in this sector are also high. Between 2015 and 2020, consumer services startups accounted for 15% or 105 of the total 711 M&A deals, second only to enterprise tech.

India's Ecommerce Sector At A Glance

The Ecommerce Sector Raised \$16 Bn In Funding Between 2014 And 2020

In 2020, the funding amount and deal count in India's ecommerce sector plunged 60% and 3%, respectively, compared to 2019



4,658 Ecommerce Startups Launched In India To Date

404 Indian Ecommerce Startups Funded Between 2014 And 2020

\$16 Bn Raised By Indian Ecommerce Startups Between 2014 And 2020

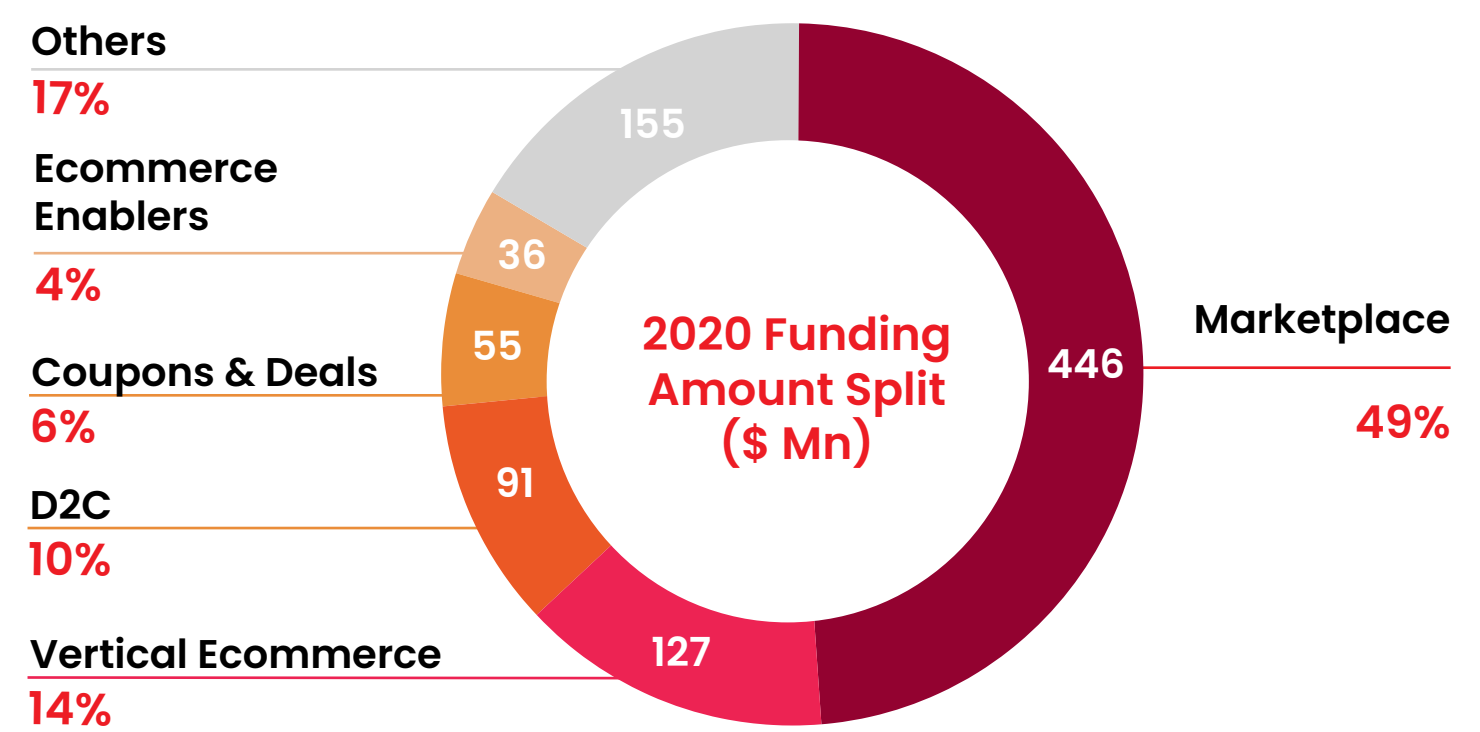
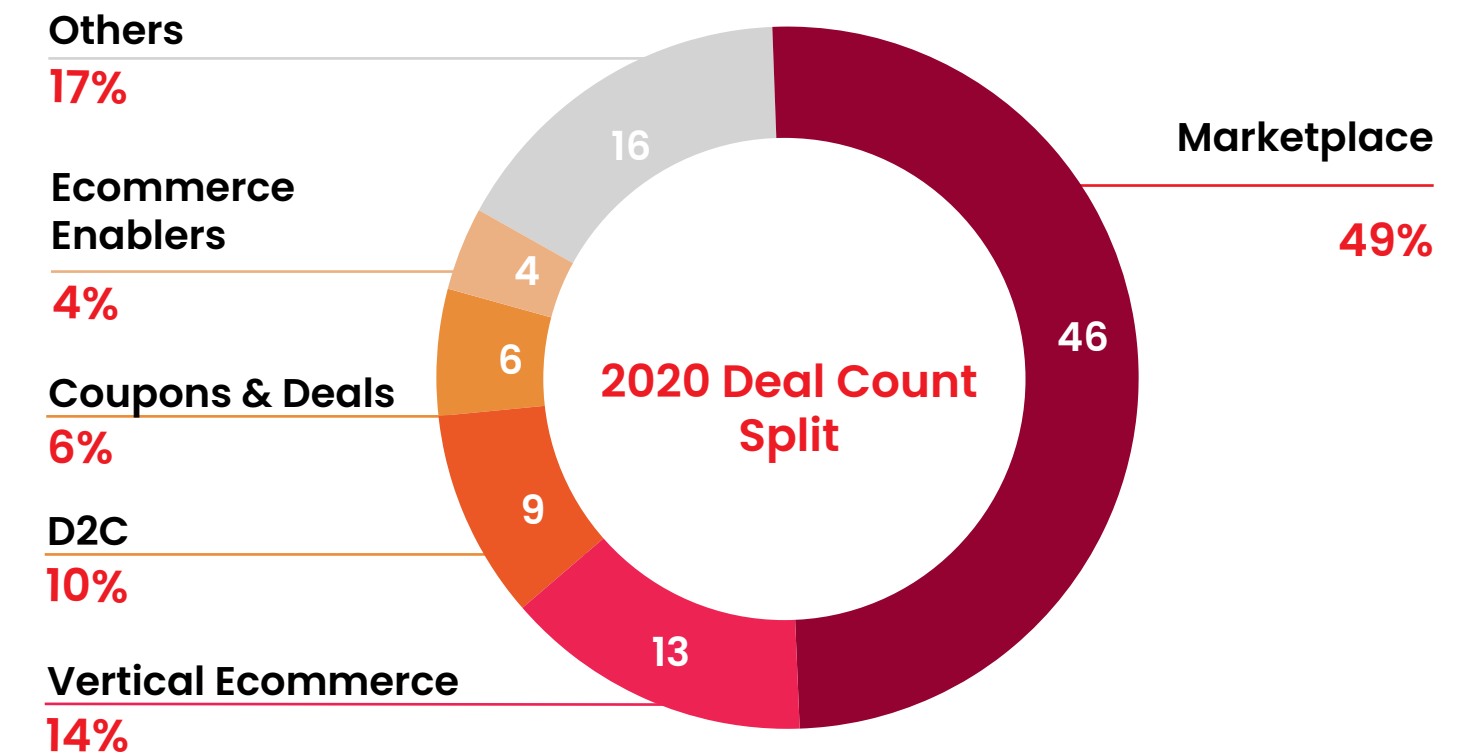
11 Unicorns

6 Soonicorns

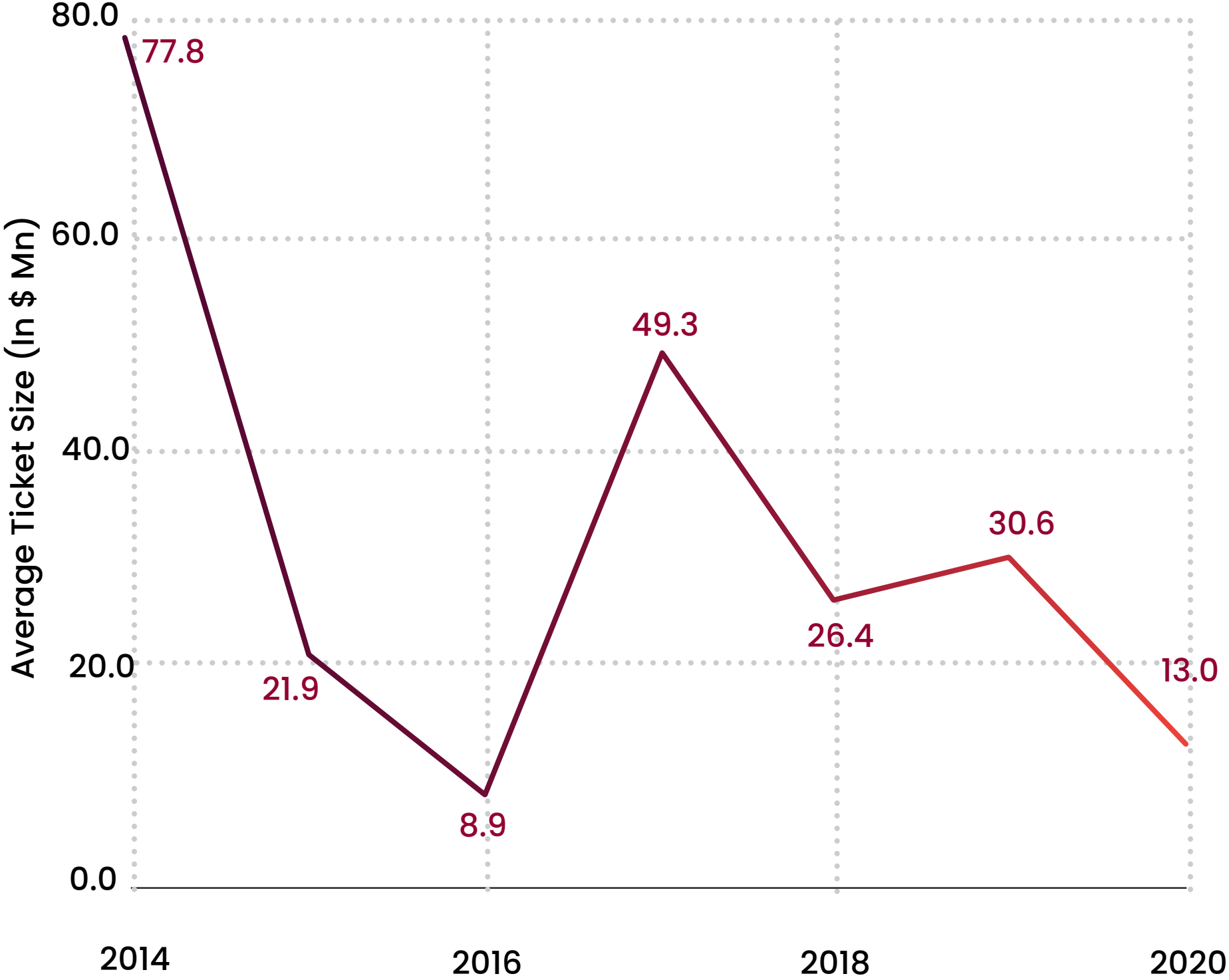
Notable Startups:

Active Investors:

The Marketplace Model Dominated The Ecommerce Landscape In 2020



Average Ticket Size Of Ecommerce Funding Plunged Further In 2020



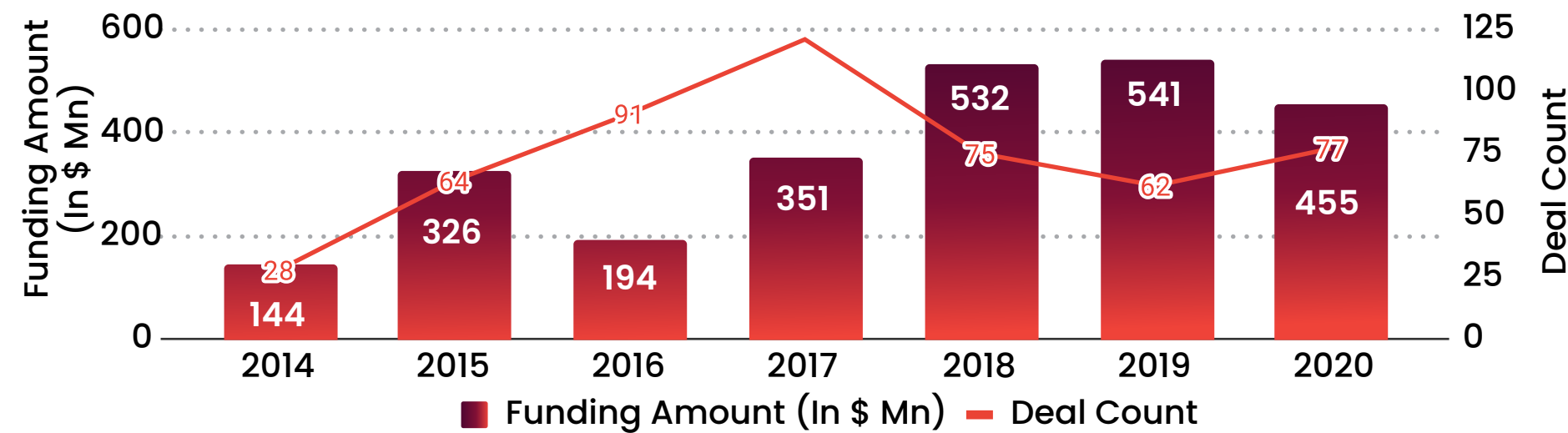
Key Insights From The Sector

- Overall, the venture capital flow into e-commerce startups was lower in 2020 compared to other sectors. Total funding into the sector dipped by 60%, from \$2.3 Bn in 2019 to \$0.9 Bn in 2020.
- Seed-stage ecommerce deals in 2020 also took a hit. Compared to the previous year, the deal count plunged 41%, from 39 (2019) to 23 (2020), indicating that new venture opportunities in the e-commerce space shrank due to the pandemic.
- With the pandemic outbreak, more D2C brands are expected to emerge and cater to consumers. Given the niche target groups and product segments, the batch size for production is expected to be small for these new brands and players.

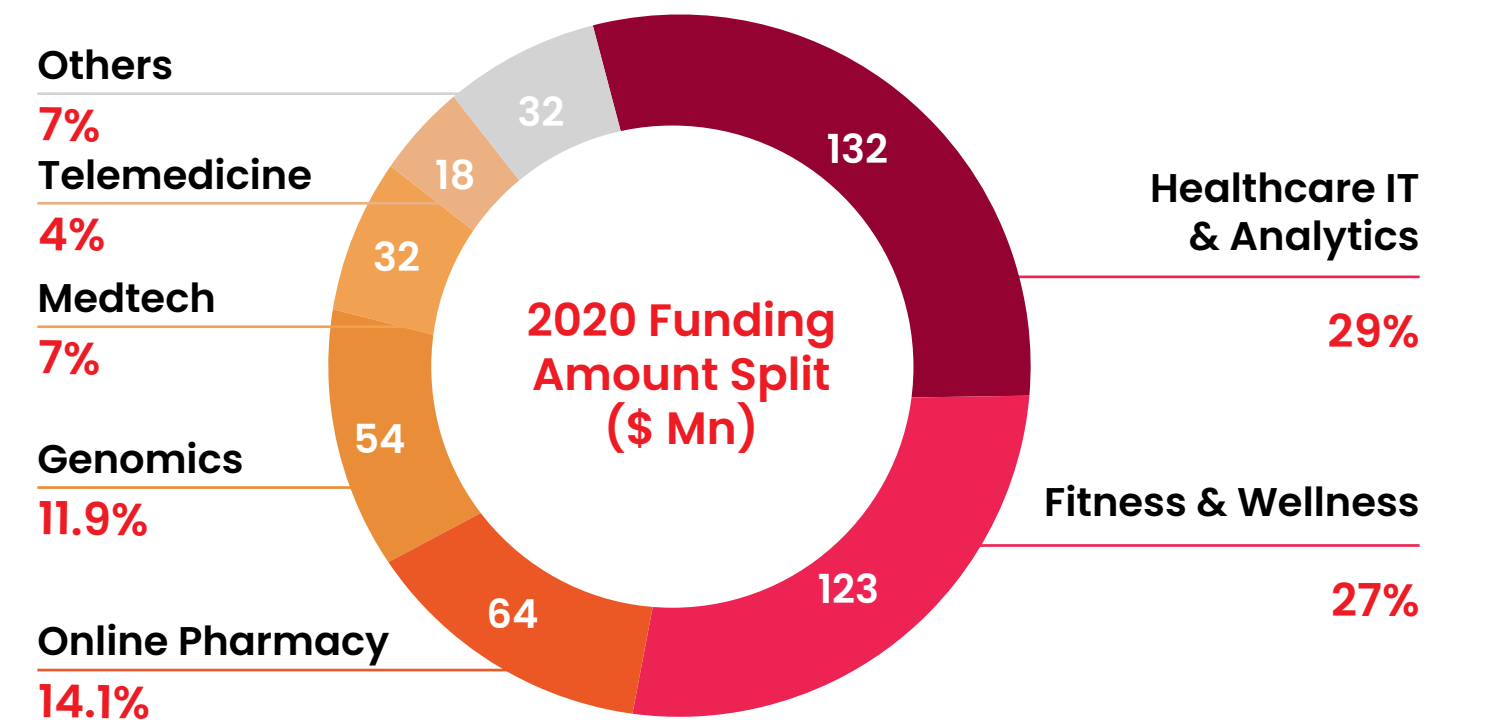
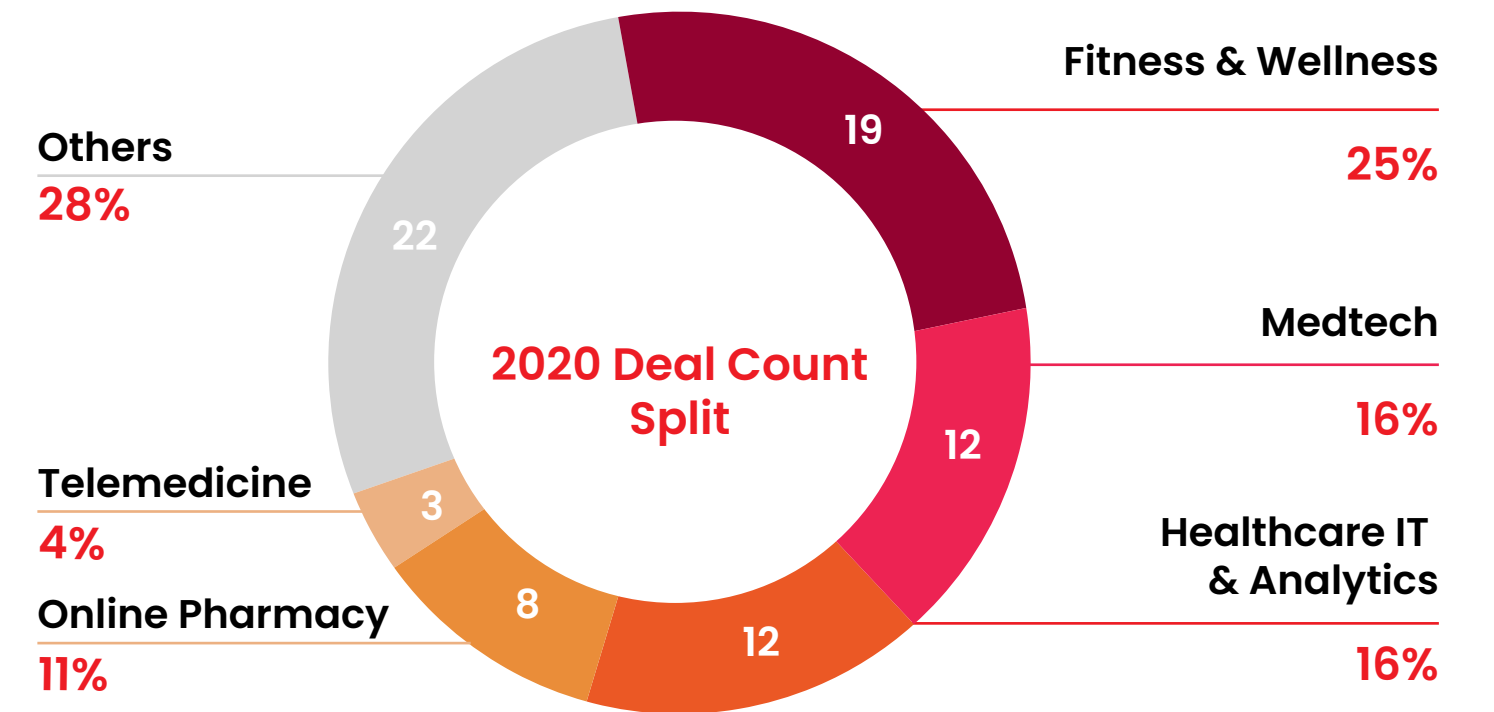
India's Healthtech Sector At A Glance

Healthtech Startups Raised \$2.5 Bn From 518 Funding Deals Between 2014 And 2020

In 2020, the funding amount plunged 16%, but the deal count surged 24% compared to 2019



Fitness & Wellness And Data Analytics Startups Gained Maximum Traction In 2020



3,882

Healthtech Startups Launched In India To Date

327

Indian Healthtech Startups Funded Between 2014 And 2020

\$2.5 Bn

Raised By Indian Healthtech Startups Between 2014 And 2020

2

Unicorn

5

Soonicorns

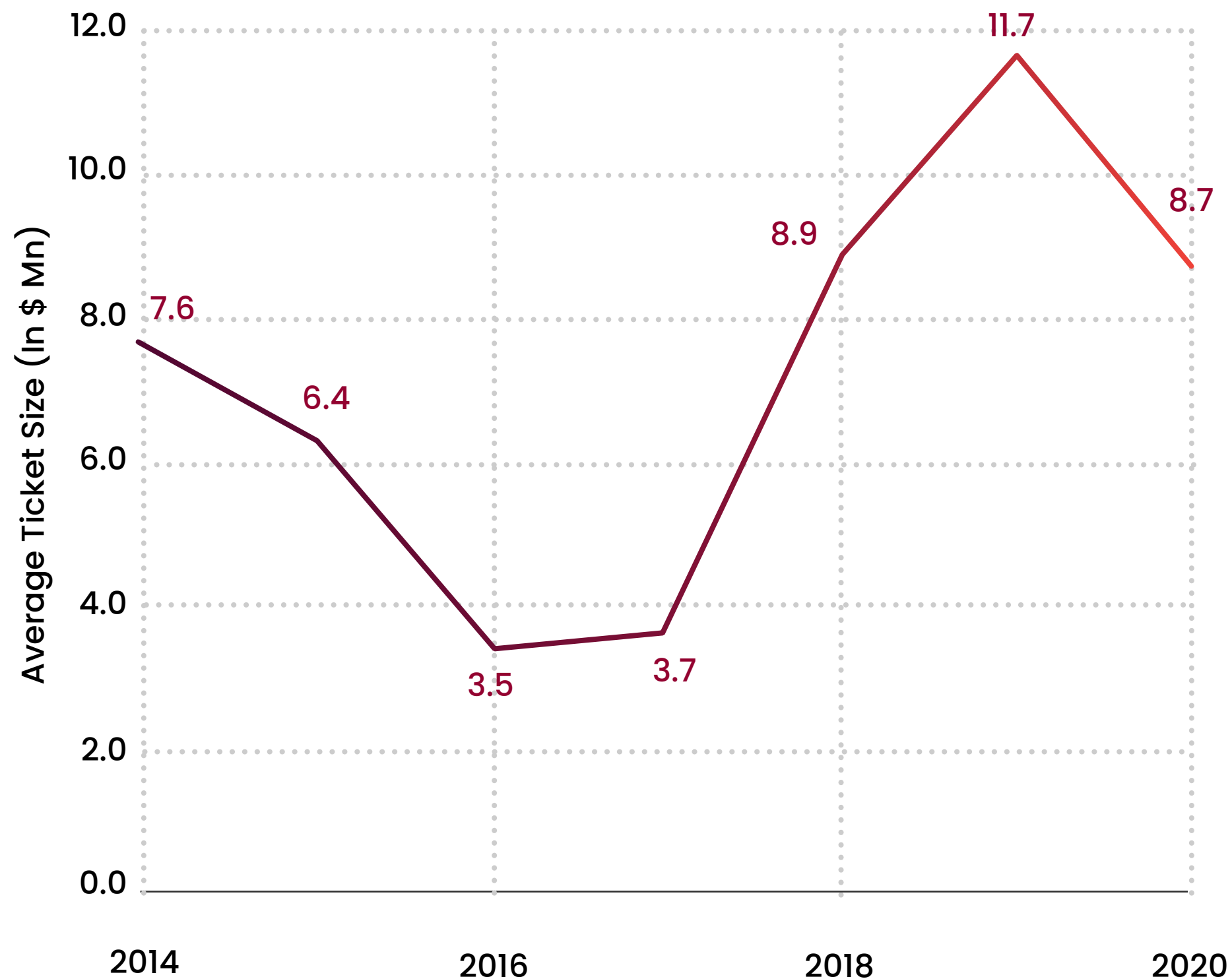
Notable Startups



Active Investors



Higher Deal Volume Lowered The Average Ticket Size Of Funding In Healthtech Startups By 25% In 2020 Compared To 2019



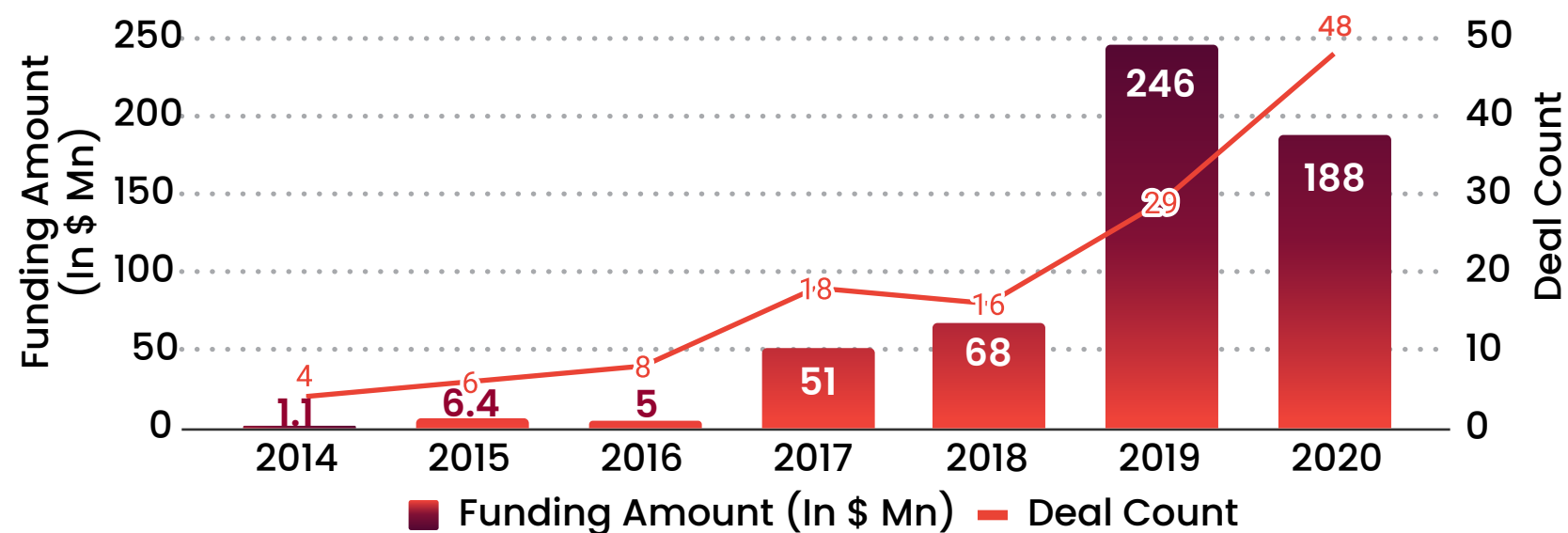
Key Insights From The Sector

- India's preventive healthcare market is expected to reach \$170 Bn by 2025, primarily driven by fitness and wellness apps and the diagnostics and therapeutics sub-segments. The trend of joining fitness centres and maintaining a healthy diet is increasing in urban India with the adoption of fitness and yoga apps.
- Overall, the Indian healthtech market will contribute \$21 Bn by 2025, only 3.3% of the total addressable healthcare market, which is pegged to reach \$638 Bn in 2025. This indicates enough headroom for growth and a massive opportunity for healthtech startups.
- Bengaluru's vibrant startup ecosystem has helped it become the top hub for deal value and deal count. Between 2014 and 2020, Bengaluru-based healthtech startups raised \$1.2 Bn from 208 funding deals.

India's Agritech Sector At A Glance

Agritech Startups Secured \$566 Mn From 129 Funding Deals Between 2014 And 2020

Compared to 2019, agritech startup funding in India fell by 24%, but the deal count surged by 66% in 2020



1,000+ Agritech Startups Launched In India To Date

64 Indian Agritech Startups Funded Between 2014 And 2020

\$566 Mn Raised By Indian Agritech Startups Between 2014 And 2020

1 Soonicorn

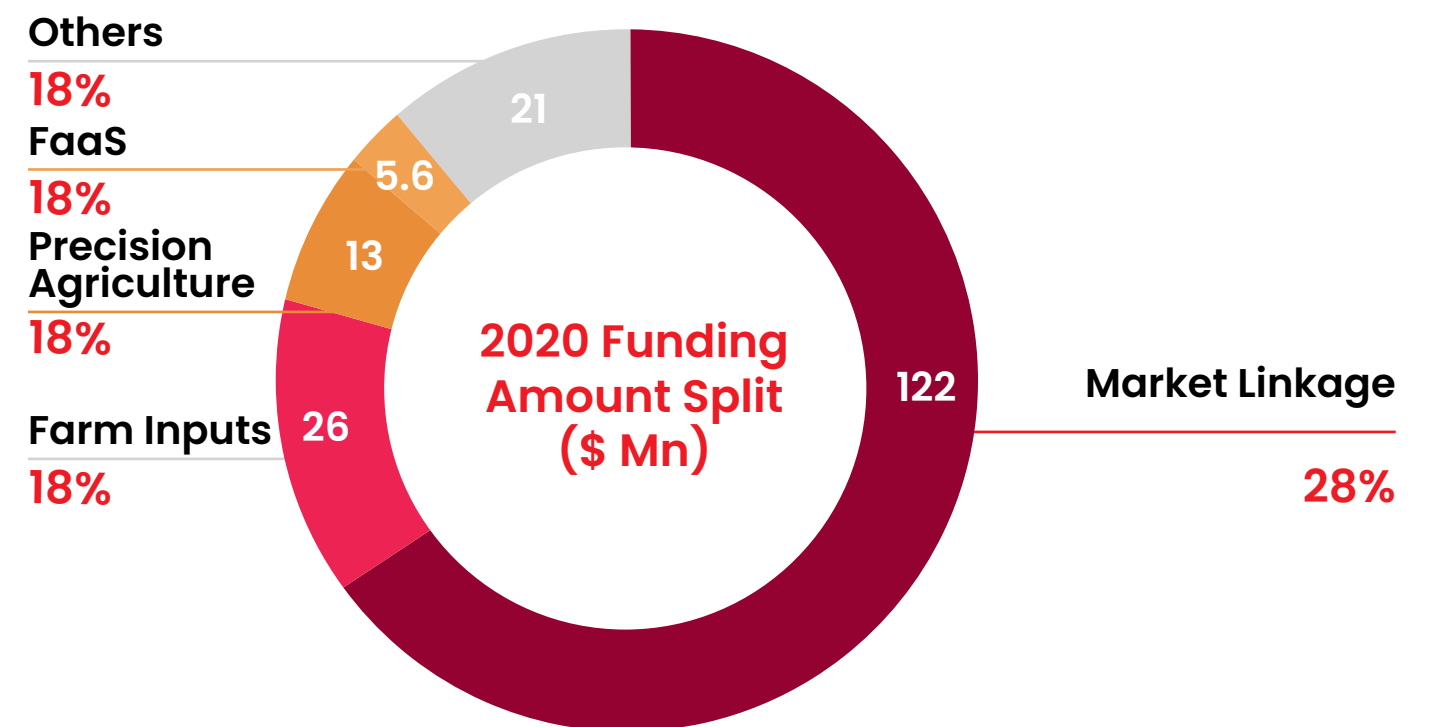
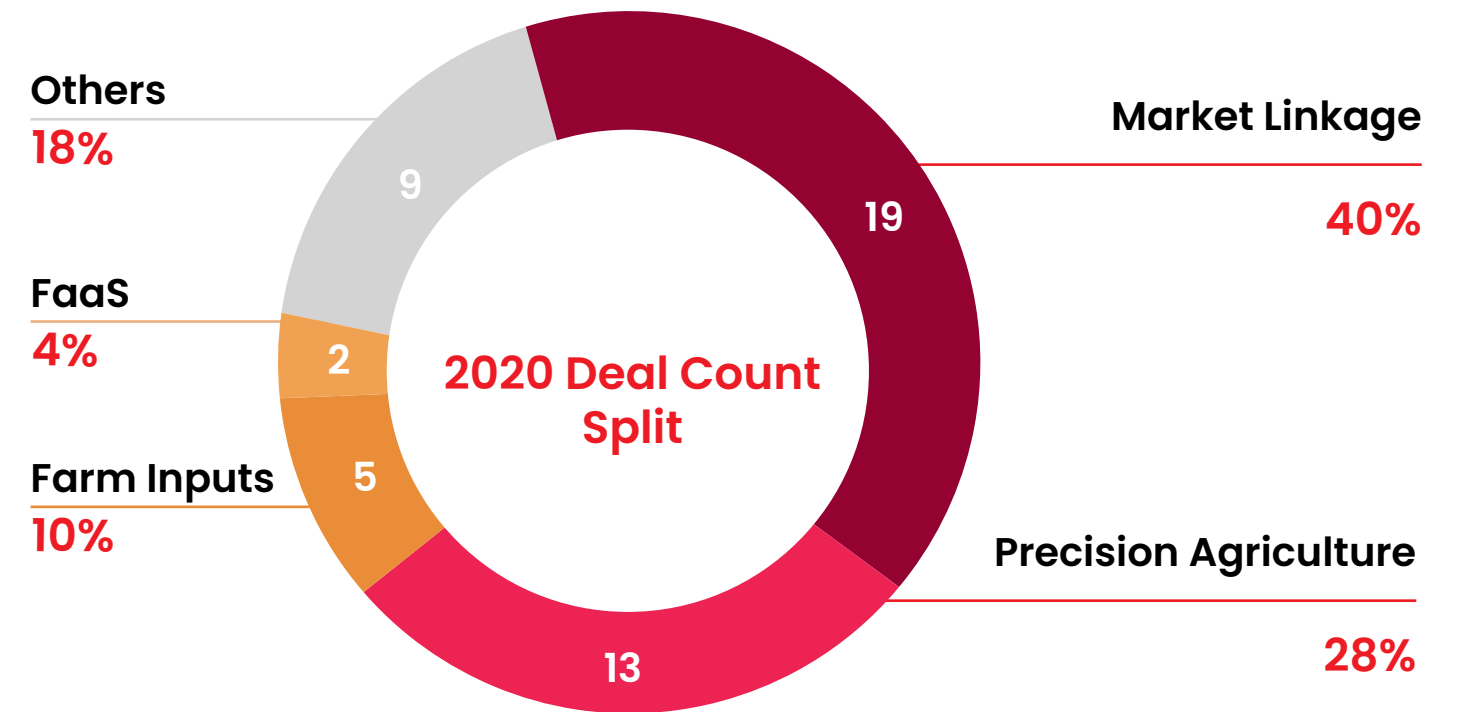
Notable Startups



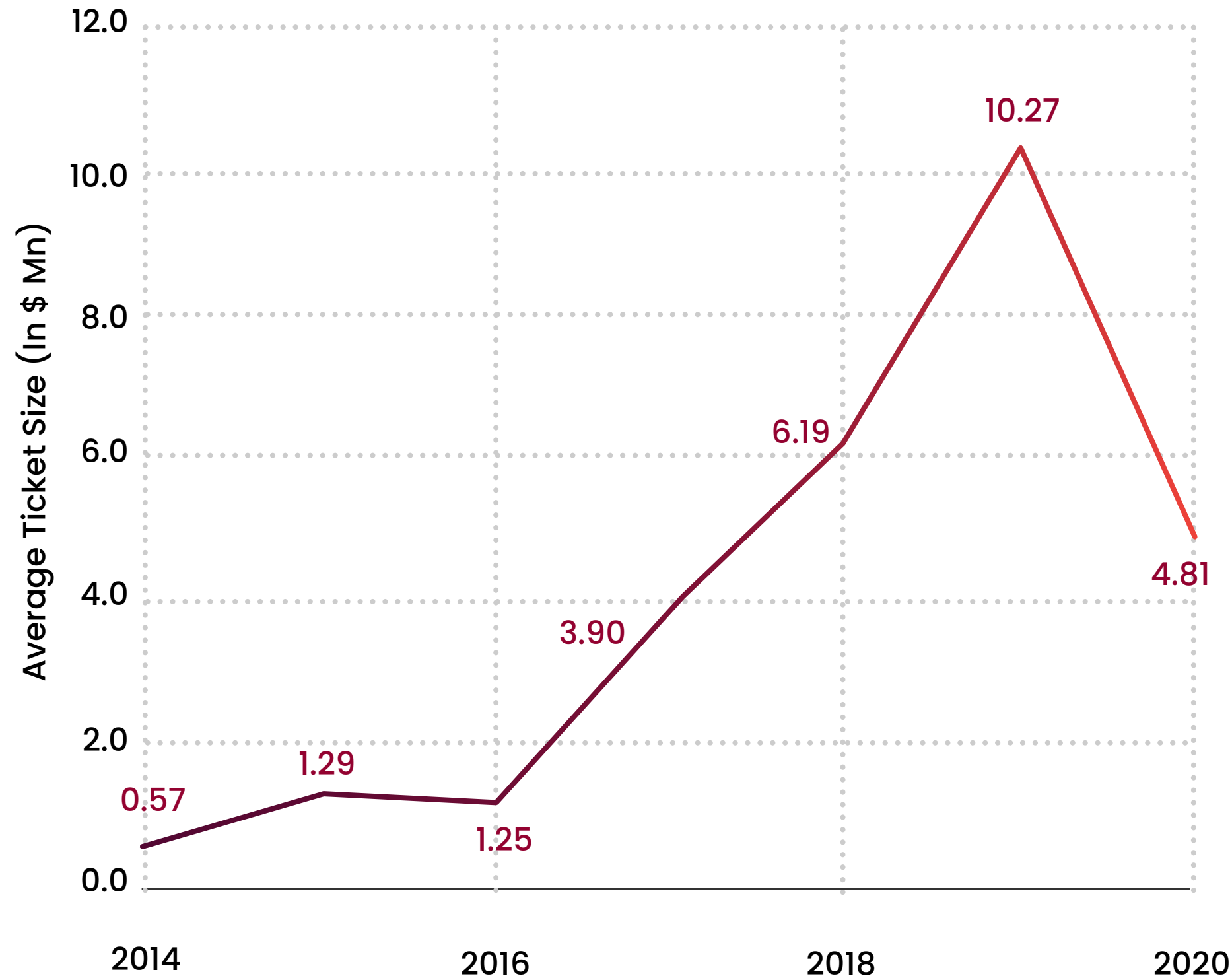
Active Investors



Market-Linkage Sector Accounted For 40% Of The Funding Raised By Indian Agritech Startups In 2020



Average Ticket Size Of Agritech Funding Decreased By 53% In 2020 Compared To 2019













Key Insights From The Sector










- India's agritech sector came a long way, with 43 startups in 2013 to more than 1,000 startups in 2020, driven by a rise in the rural internet penetration, increase in post-harvest and supply chain losses (hence, a corrective measure was required), lack of agricultural finance, farmers' need for high-quality inputs and growing investor interest in the sector.
- Among all agritech subsectors, the market-linkage space has the highest potential to reach \$12 Bn by 2025. Some major startups in this category are WayCool, Origo Commodities, Ninjacart and Crofarm.
- Much of the agritech funding has gone into startups working in the market-linkage subsector that focusses on providing a digital supply chain for post-harvest products. But the outbreak of the pandemic and the shutdown of interstate transportation took their toll on both investor confidence and the agritech sector's revenue as a whole.

Research Collaboration Opportunities Across Selected Sectors







Deeptech

Subsectors	Functions	Technologies Used	Notable Startups
Electric Vehicles	Battery	Lithium-Ion, Lead-Acid, Nickel-Metal Hybrid, Ultracapacitors	
	Charging Station	Sustainable energy-powered	
	Automobile Design	R&D opportunity in weight management, ergonomics and manoeuvrability	
Spacetech	Launch Vehicle Manufacturing	Propulsion system, 3D printing, Precision and monitoring systems	 
	LEO Satellite Manufacturing	3D printing, Nano satellites, Geospatial data gathering	
	Test Facilities	Support for establishing low-cost satellites	
Material Engineering	Carbon Fibre	Cost-Effective Manufacturing	 
	Bioplastics	Cost-Effective Manufacturing	






Fintech

Subsectors	Functions	Technologies Used	Notable Startups
Digital Lending	E-KYC	Biometric authentication	  
	Robotic Process Automation	AI/ML and Blockchain	
	Credit Risk Prediction	Remote sensing, AI/ML	
	Loan Recovery	AI/ML, Geotagging	
	Data Security	Blockchain, Encryption	
Digital Insurance	Claims And Settlement	AI/ML, OCR	  
	Risk Assessment	Remote sensing, AI/ML	
Investment Tech	Robo Advisory	AI/ML, Data visualisation	  
	Deal Curation	Web crawling, AI/ML	
	Algorithm Trading	AI/ML, Data visualisation	

Cleantech

Subsectors	Functions	Technologies Used	Notable Startups
Solar Energy	Solar Panel	Biosolar and solar cells	 
	Energy Storage	Capacitors, Converters	
Waste Management	Treatment Plant	Thermal-based incinerator	 
		Plastic recycling	

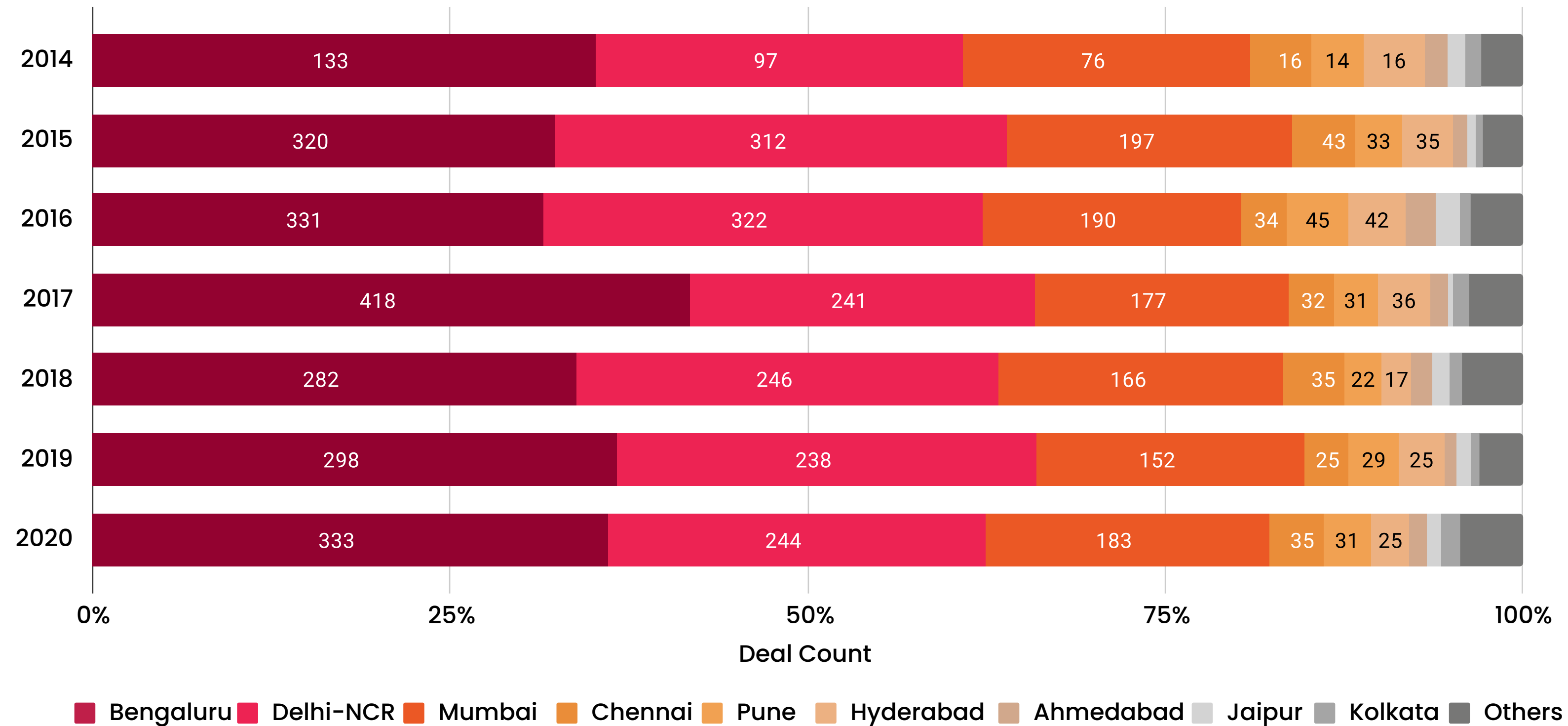
Agritech

<i>Subsectors</i>	<i>Functions</i>	<i>Technologies Used</i>	<i>Notable Startups</i>
R&D	Seed & Fertiliser	High-yield seed mutation	 
Precision Farming	Crop Monitoring	IoT, Drones.	   INTELLO LABS

Demographic Analysis: Indian Startup Funding

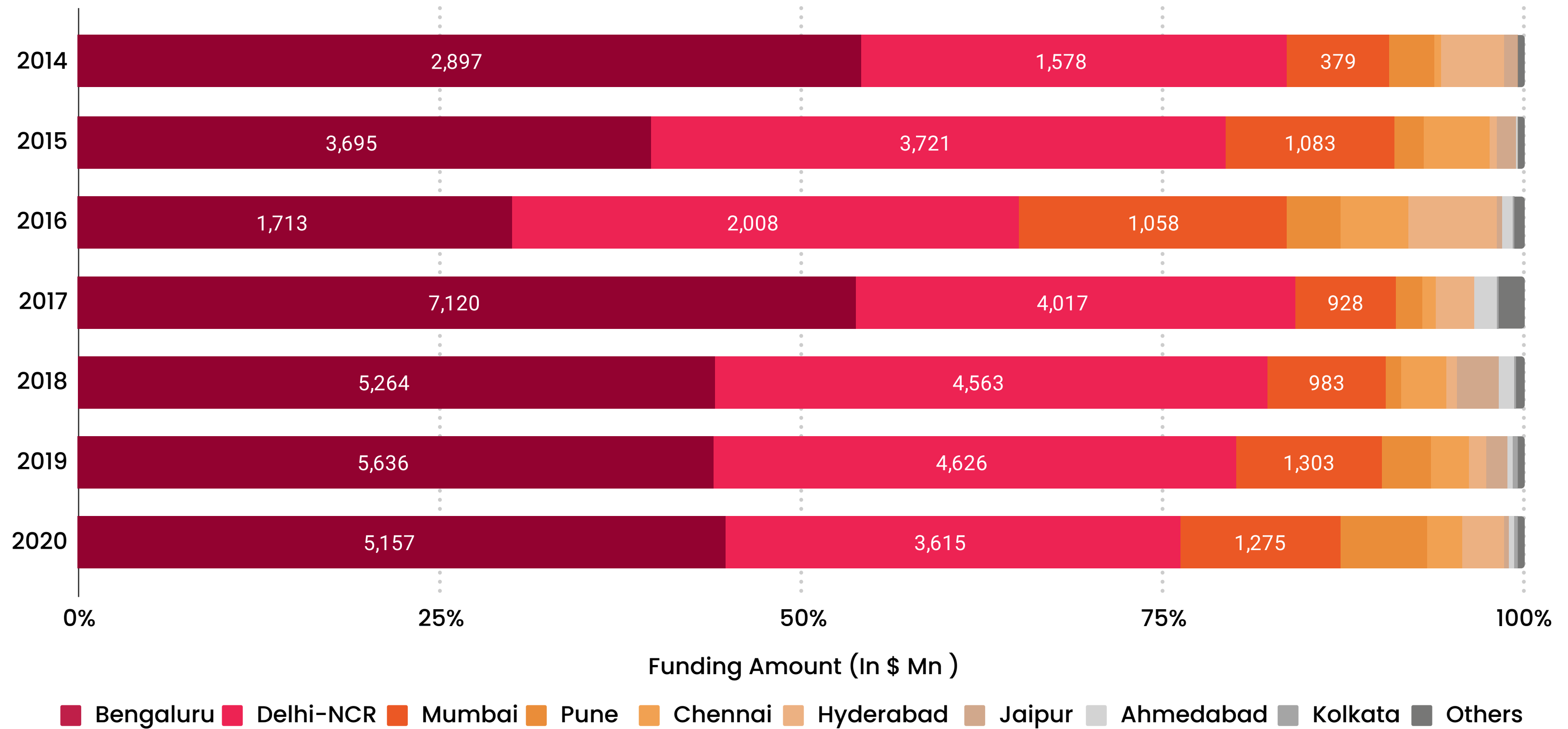
Indian Startup Funding: A Hub-Wise Comparison

Bengaluru, Delhi-NCR and Mumbai accounted for 83% (4,956 out of 5,985 deals) of the total funding deals recorded across the Indian startup ecosystem between 2014 and 2020



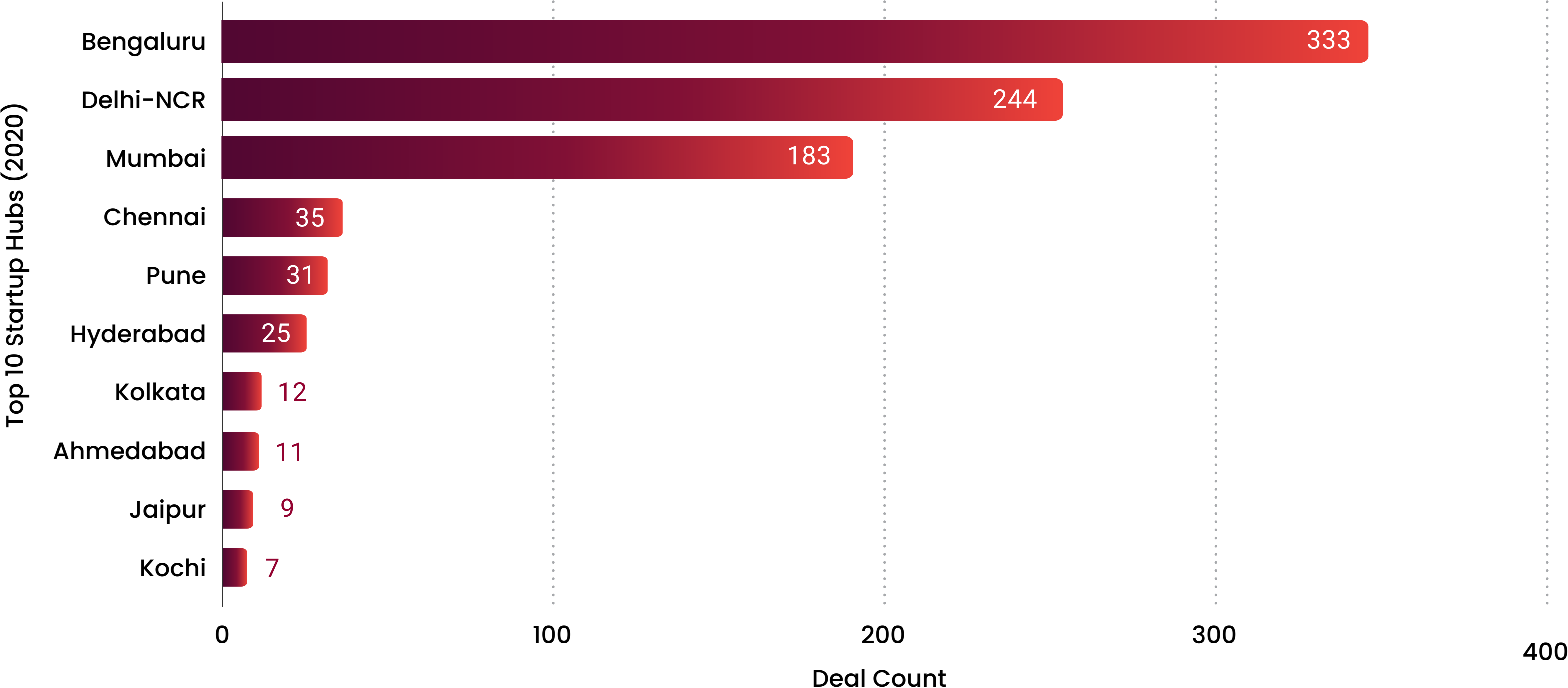
Indian Startup Funding: A Hub-Wise Comparison

Bengaluru, Delhi-NCR and Mumbai accounted for 90% (\$63 Bn out of \$70 Bn) of the total funding in Indian startups between 2014 and 2020



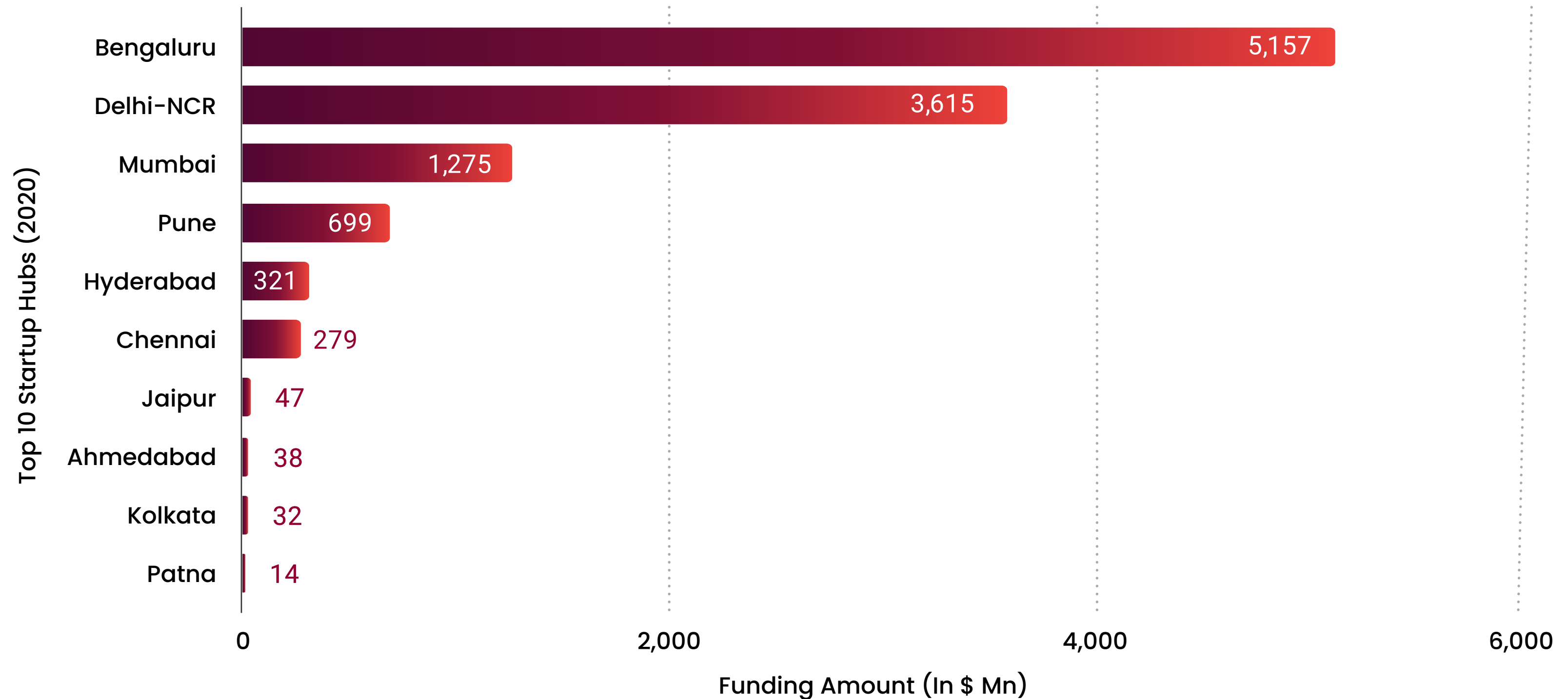
Bengaluru Tops The List Of Startup Hubs In Deal Count In 2020

Compared to Delhi-NCR, Bengaluru secured 36% more funding in 2020



Bengaluru Pulls Further Ahead Of Delhi-NCR And Mumbai In The Startup Funding Race

In the past six years, Bengaluru startups got more funding compared to the combined amount raised by the startups in Delhi-NCR and Mumbai



Public Policy Ecosystem; Top Startup Hubs In India

Startup Hubs	Number Of Unique Investors (2014-2020)	Number Of Funded Growth & Late Stage Startups (2014-2020)	Concerned Authority	Startup Policy Name
Bengaluru	2,492	370	Startup Karnataka	Karnataka Startup Policy 2015-2020
Delhi-NCR	2,301	287	No	N/A
Mumbai	1,647	243	Maharashtra State Innovation Society	Maharashtra Startup Policy 2018-2023
Chennai	392	58	StartupTN	Tamil Nadu Startup & Innovation Policy 2018 - 2023
Pune	323	38	Maharashtra State Innovation Society	Maharashtra Startup Policy 2018-2023
Hyderabad	310	38	Startup Telangana	Telangana Innovation Policy 2017-2022
Ahmedabad	132	9	StartUp Gujarat Cell	Electronics & IT/ITeS Start-up Policy (2016-21)
Jaipur	105	9	iStart Rajasthan	Rajasthan Startup Policy 2015-2020
Kolkata	92	8	Department of Micro, Small & Medium Enterprises & Textiles	West Bengal Startup Policy 2016-2021
Kochi	23	N/A	Kerala Startup Mission (KSUM)	Kerala Startup Policy 2017

Note: Delhi state government is yet to release its official state policy enabling the startup ecosystem in the city but Uttar Pradesh and Haryana have.

How Emerging Startup Hubs In India Stacked Up In 2020

Enterprise tech was the most favoured sector among investors across these hubs

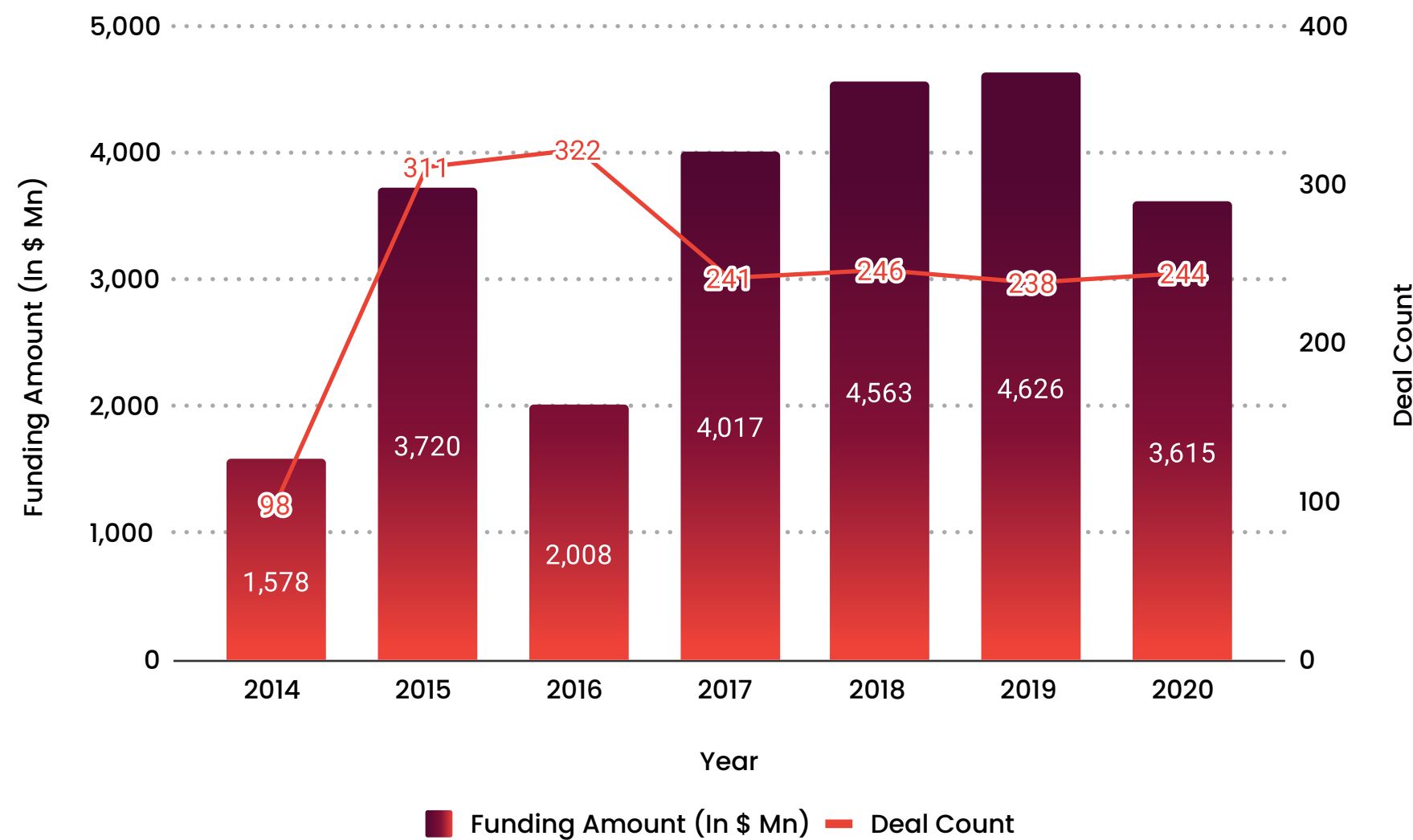
	Deal Count	Startups Funded	Top Sector	Active Notable Investors
Chennai	220	145	Enterprise Tech	ACCEL PARTNERS, SEQUOIA
Pune	205	135	Enterprise Tech	B Capital Group, 3ONE4 CAPITAL, IndiaQuotient
Hyderabad	196	148	Enterprise Tech	ACCEL PARTNERS, 50K VENTURES, HYDERABAD ANGELS
Ahmedabad	79	57	Fintech	alteria capital, ah! ventures, CIIE
Jaipur	60	34	Ecommerce	SEQUOIA, VillageCapital, TRIFECTA CAPITAL
Kolkata	52	37	Healthtech	BLUME VENTURES, CALCUTTA ANGELS, VentureCatalysts
Kochi	22	17	Enterprise Tech	Indian Angel Network, Let's Venture, UNICORN INDIA VENTURES
Indore	20	14	Ecommerce	VentureCatalysts, ankur capital, infoedge ventures
Goa	20	12	Enterprise Tech	K2 CAPITAL, VillageCapital, OMIDYAR NETWORK
Chandigarh	15	9	Transport Tech	CHANDIGARH ANGELS NETWORK, kalaari capital, STARTUP BUDDY

The ranking is based on the number of funding deals recorded by a particular hub between 2014 and 2020.

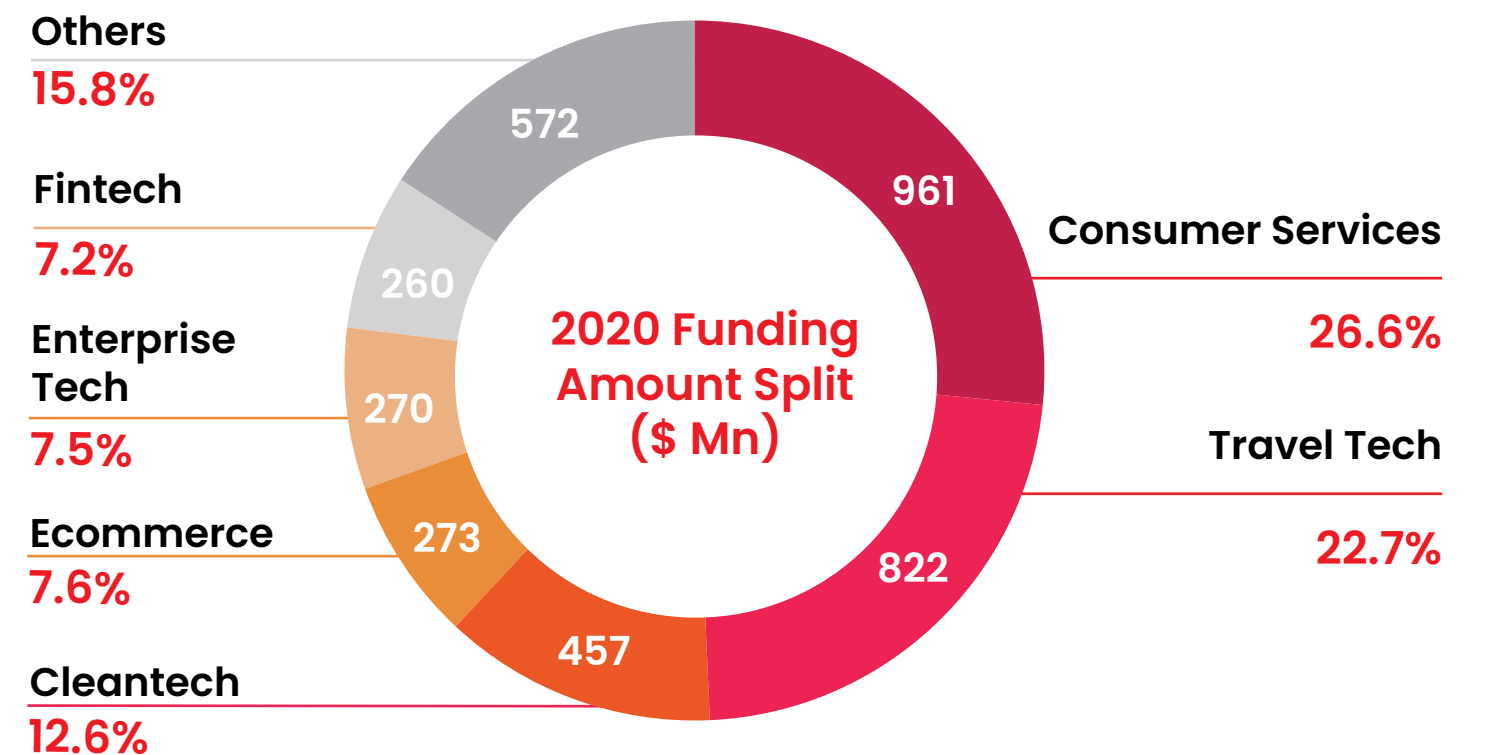
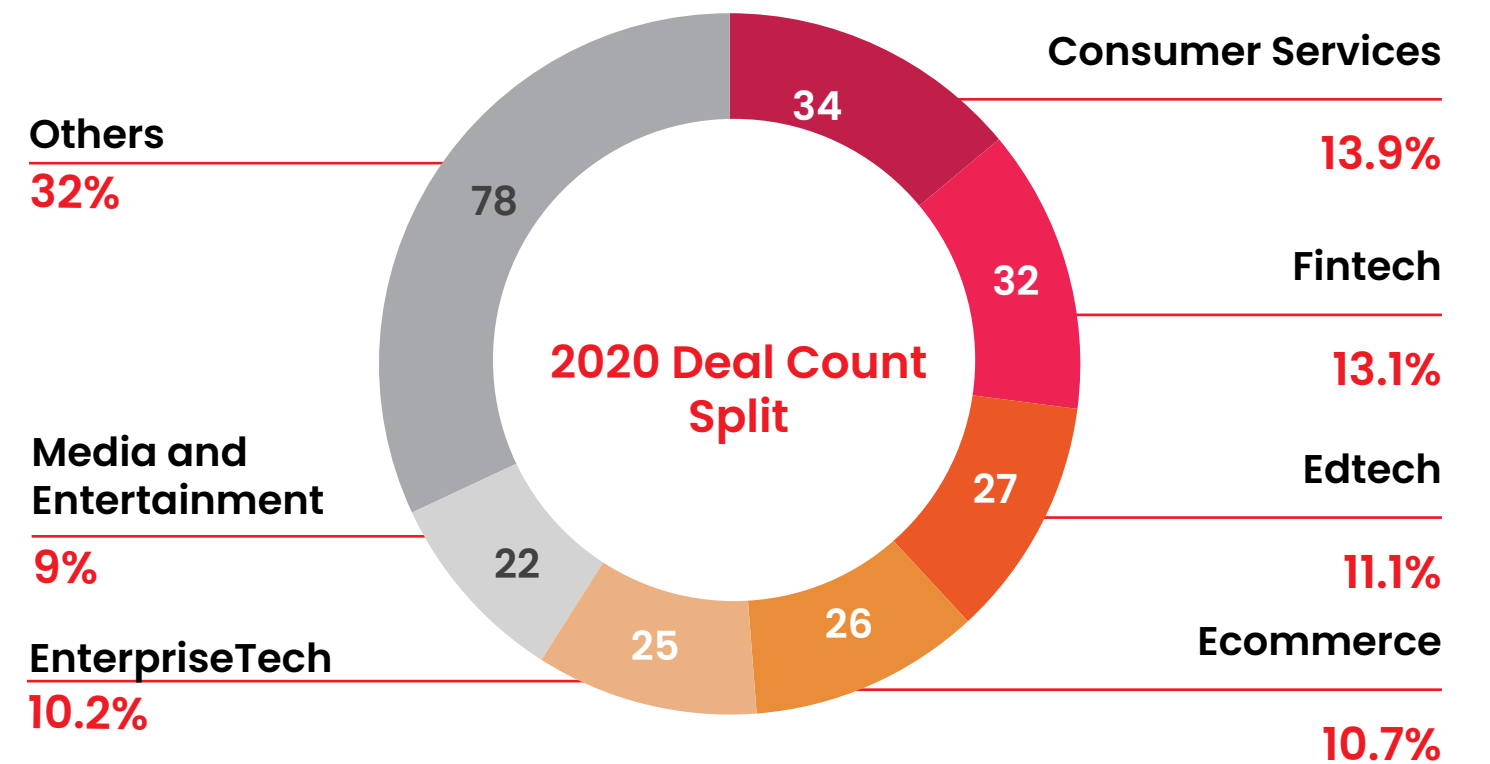
Delhi-NCR Startup Ecosystem At A Glance

\$24 Bn Raised From 1,700 Funding Deals Between 2014 And 2020

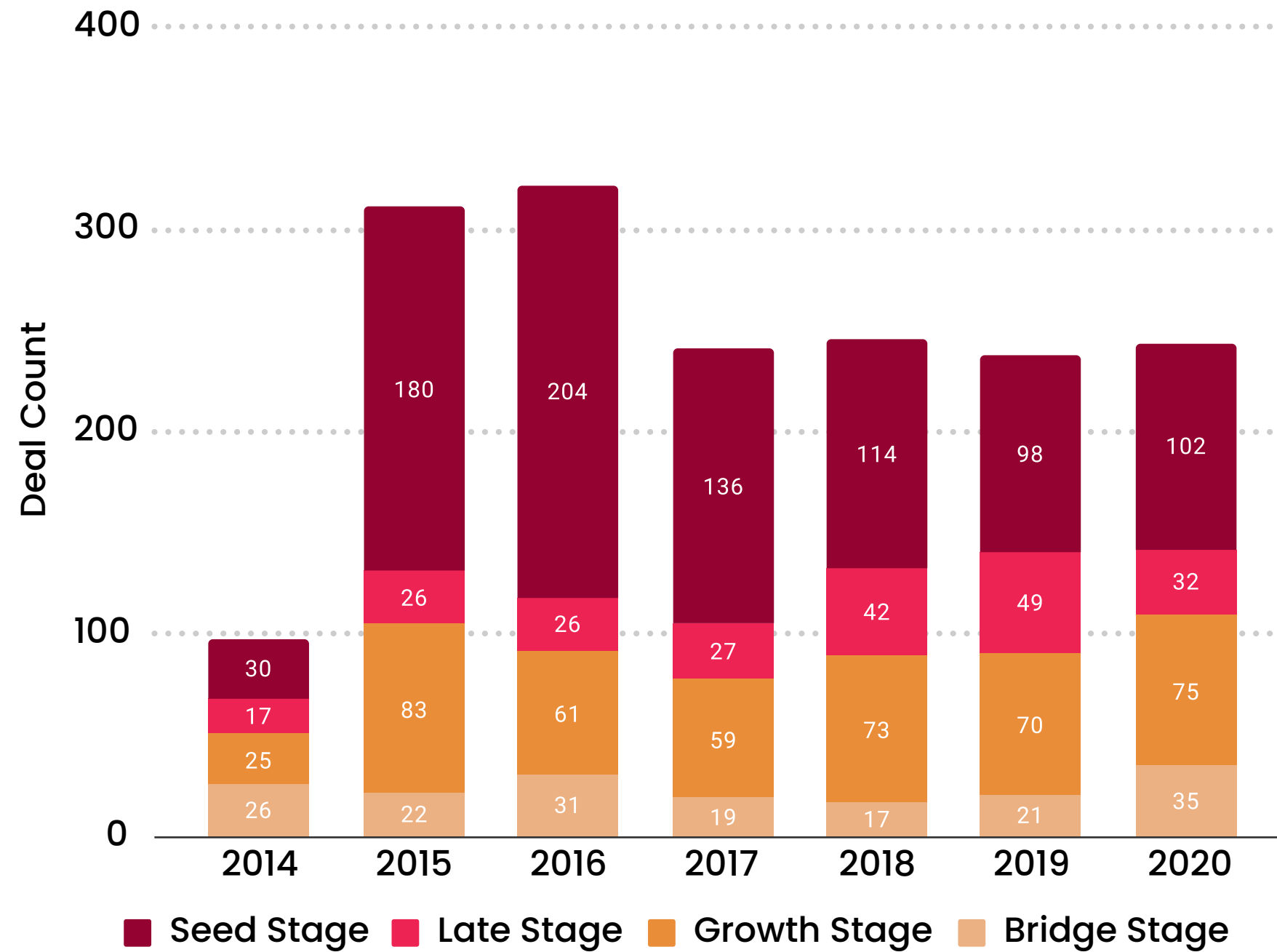
Compared to 2019, funding decreased by 22%, but the deal count saw a marginal rise of 3%



Consumer Services Turned Out To Be Investors' Favourite When It Came To Venture Capital Funding In 2020



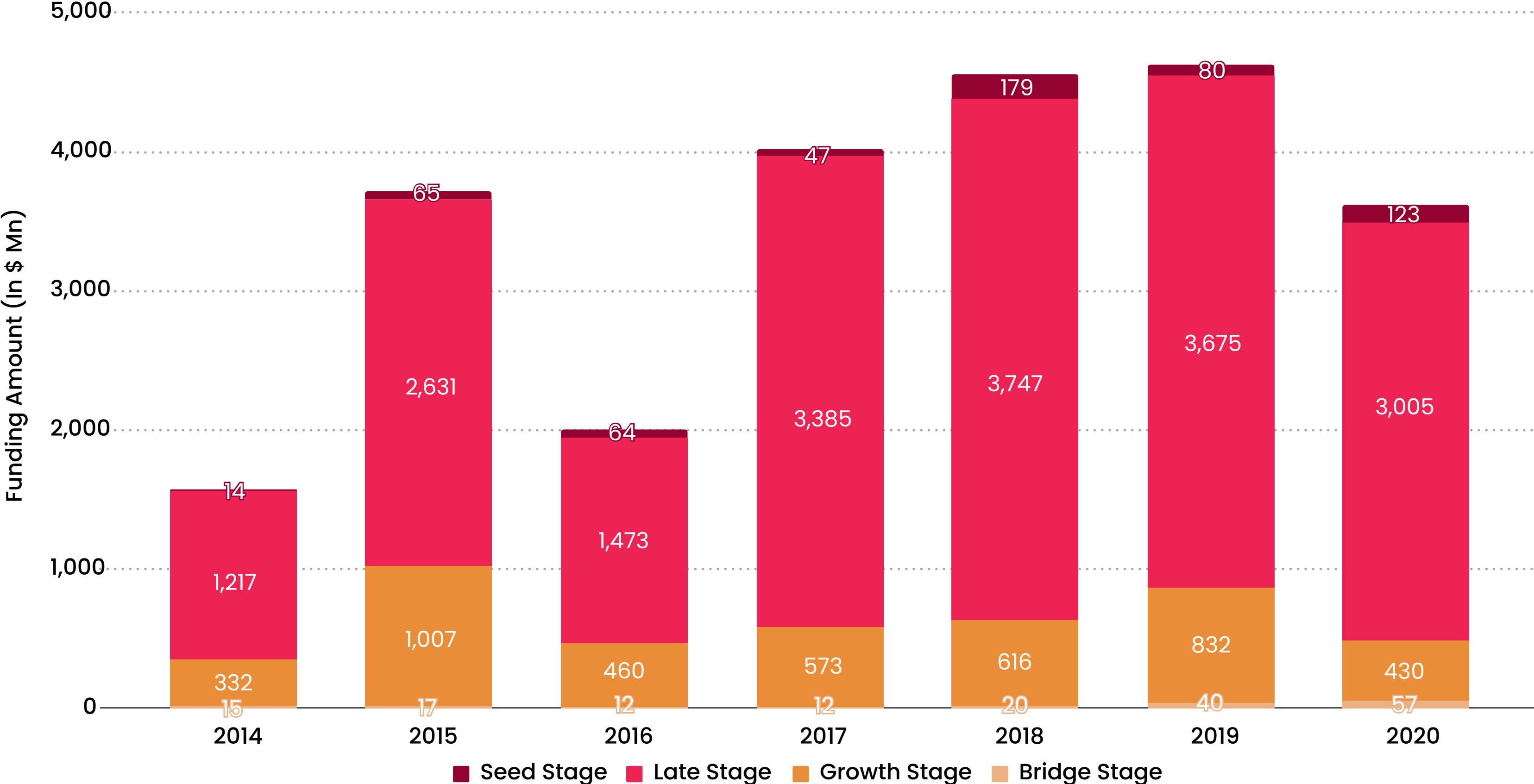
On Average, 115 Seed Stage Startups Are Funded Annually In Delhi-NCR



- Fintech and edtech are the fastest-growing sectors in this hub in terms of venture capital deal flow. The sectors recorded a CAGR (2015-2020) of 11% and 6.2%, respectively.
- Bridge-level (CAGR 9.7%) and late-stage (4.2%) fundings saw higher investor confidence compared to seed (-11%) and growth-stage (-2%) investments. On average, 209 startups are funded annually in the National Capital Region.
- Being a metro with the latest infrastructure and being the most important power centre as the national capital give Delhi-NCR a unique competitive edge over Bengaluru in several ways, including access to higher purchasing power and a bigger consumer base. This can be ascertained from the fact that Delhi's per capita income at \$5,607 is 43% higher than that of Bengaluru's \$3,910, while Delhi-NCR's population is 46 Mn (2011 Census) compared to Bengaluru's 8.4 Mn.

*Average includes total annual funding between 2014 and 2020.

On Average, \$3.4 Bn Is Annually Invested In Delhi-NCR Startups

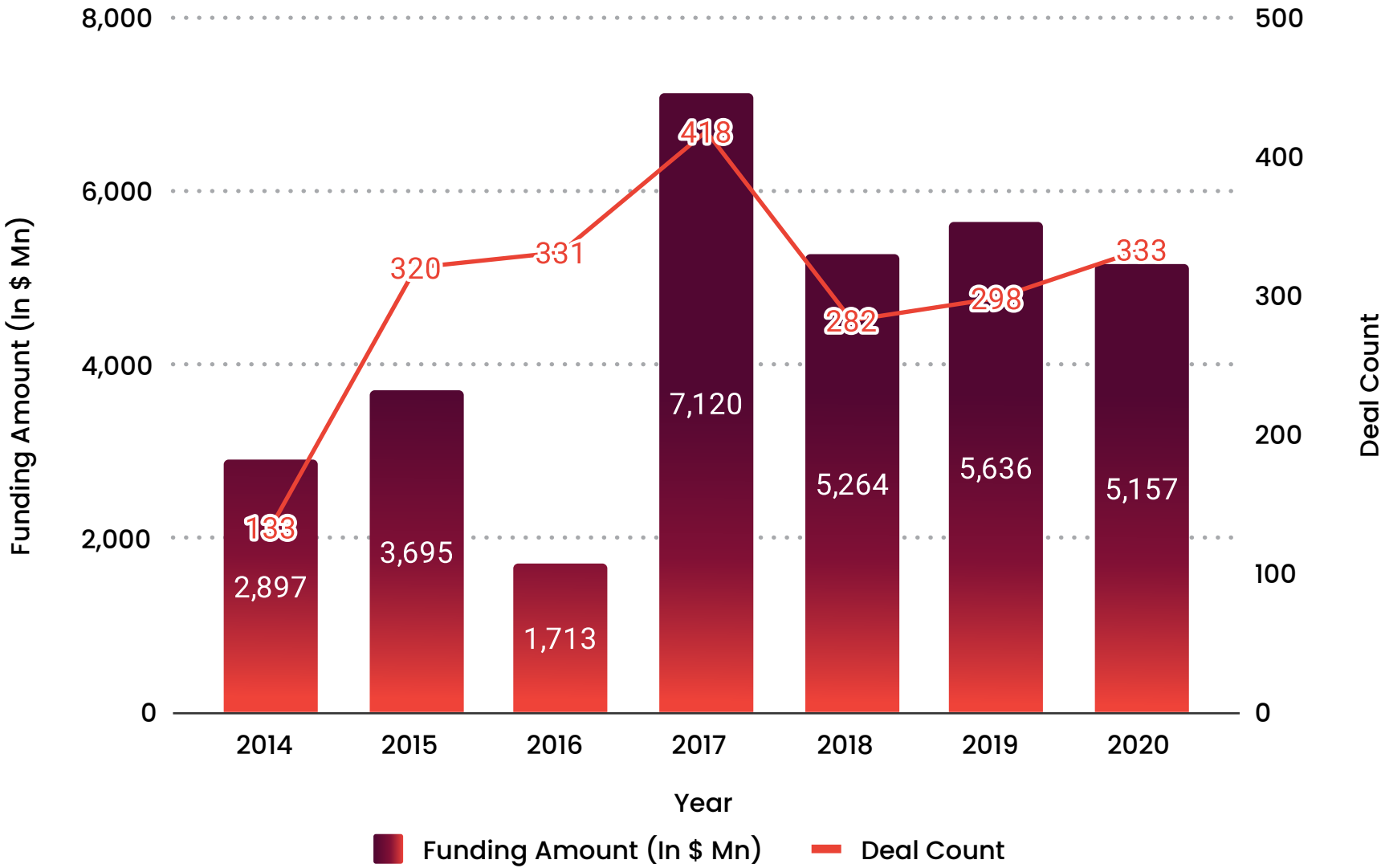


*Average includes total annual funding between 2014 and 2020.

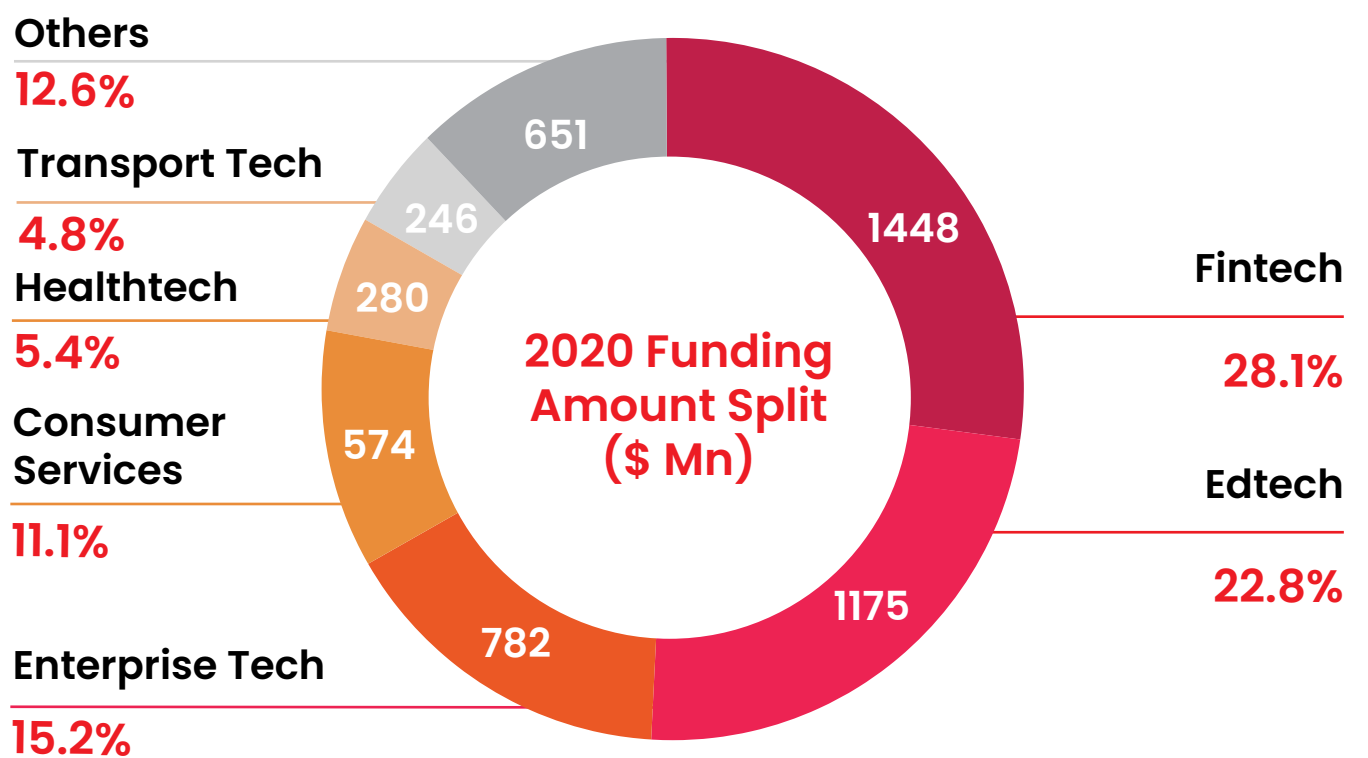
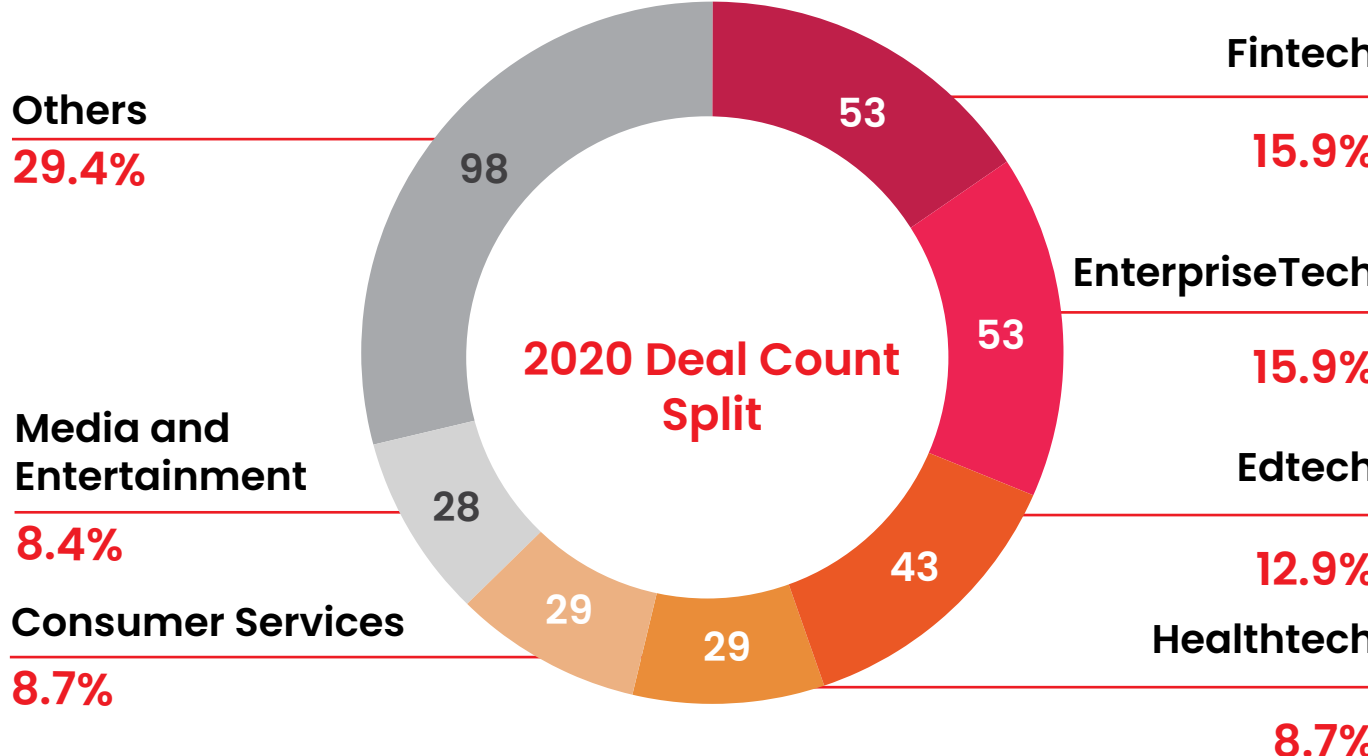
Bengaluru Startup Ecosystem At A Glance

This Bengaluru Startups Raised \$31.5 Bn From 2,115 Funding Deals Between 2014 And 2020

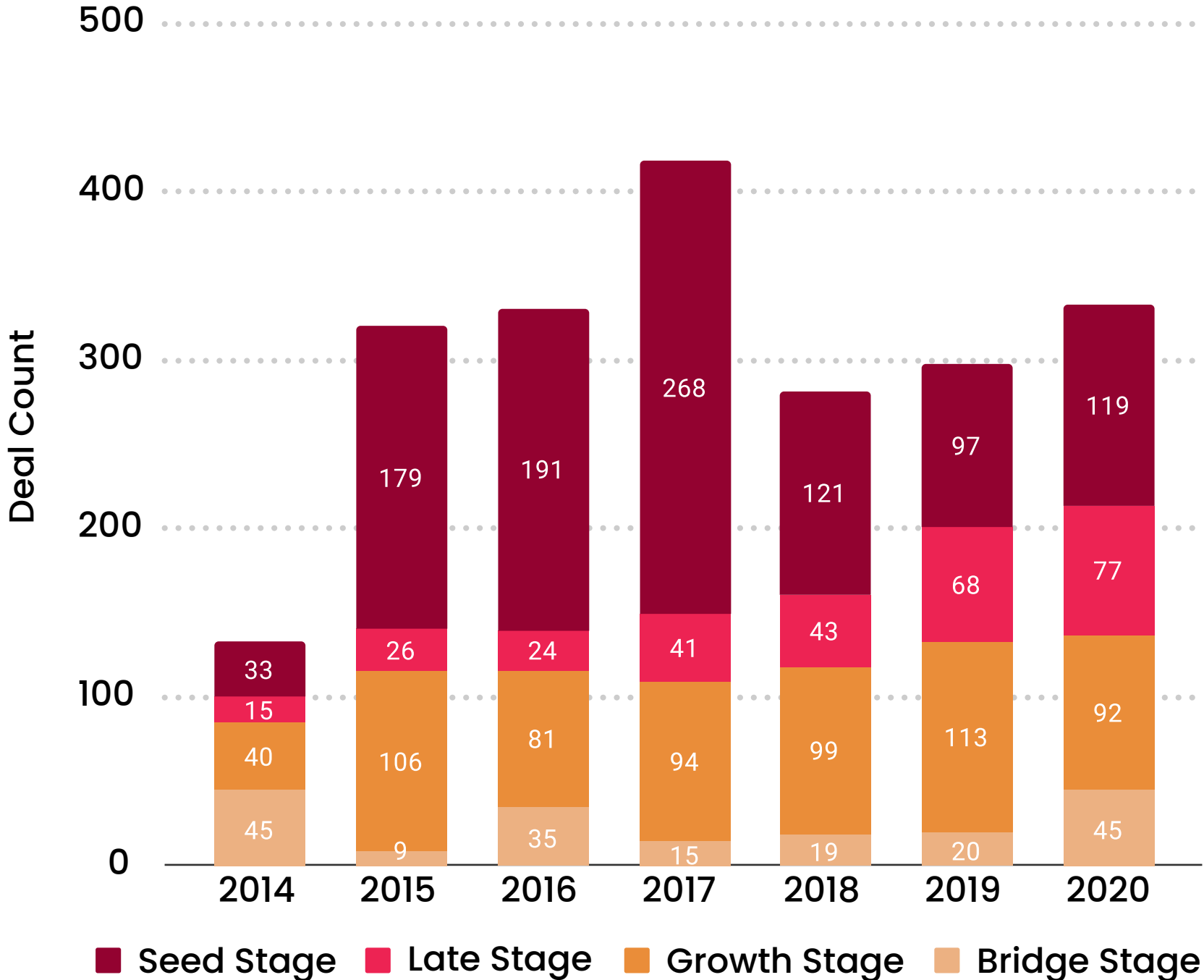
Compared to 2019, funding fell by 9%, but the deal count went up by 12%



Fintech Was the VCs' Most Favourite Theme Here In 2020



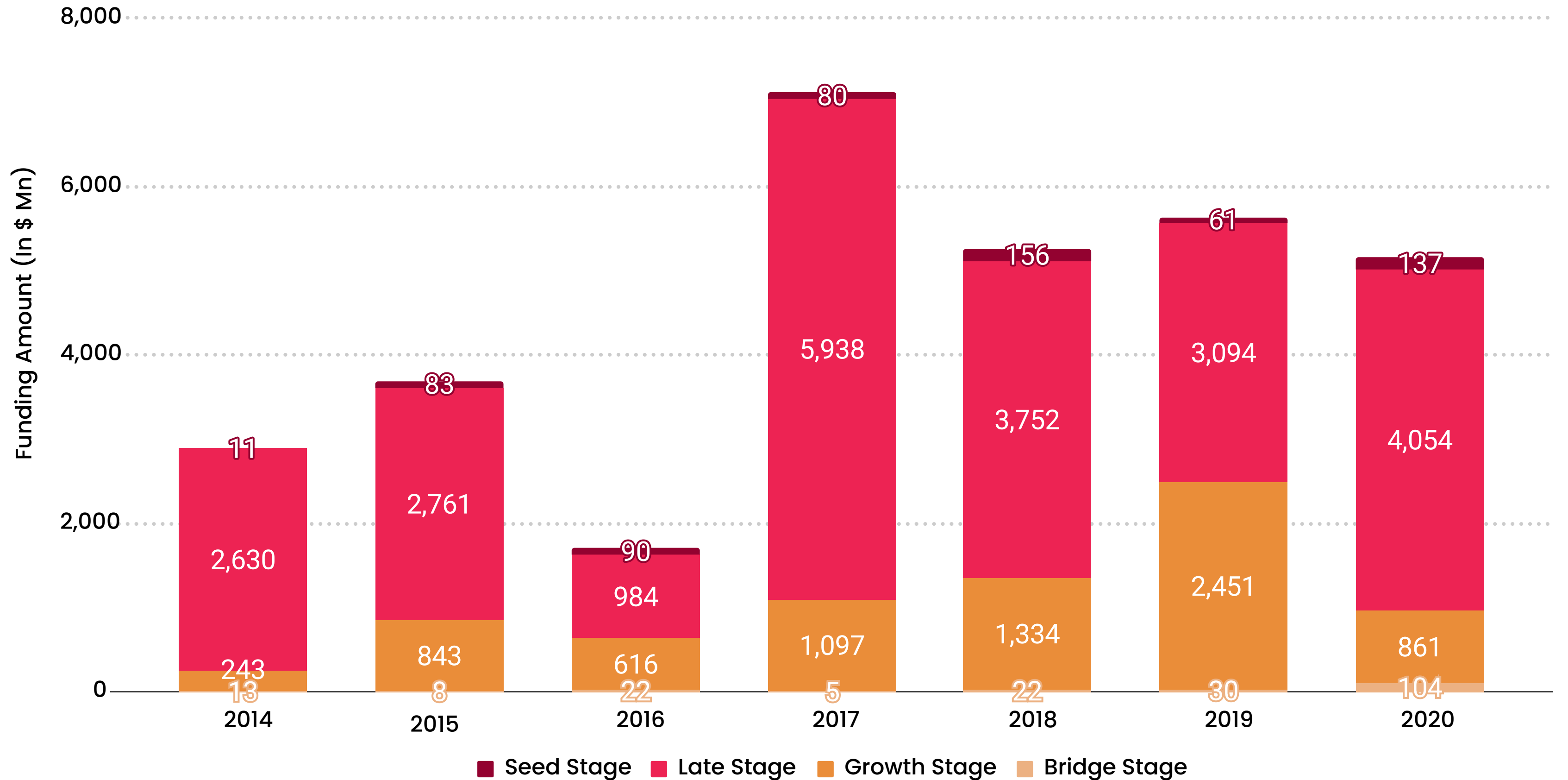
On Average, 133 Seed Stage Startups Are Funded Annually In Bengaluru



- Edtech, deeptech and fintech are the fastest-growing sectors in this hub in terms of VC funding. These sectors recorded a CAGR (2015-2020) of 23.4%, 23% and 14%, respectively.
- Bridge-level (CAGR of 38%) and late-stage (24%) funding witnessed higher investor confidence compared to seed-stage (-8%) and growth-stage (-2.8%) investments. On average, 250 startups are funded annually in the city.
- Bengaluru's startup ecosystem is the most mature, given investors' risk appetite and access to venture capital. The fact that deeptech, a relatively nascent space compared to mammoths like fintech, ecommerce and enterprise tech, is one of the fastest-growing sectors in terms of VC deal flow indicates that the investor ecosystem is more open to investing in path-breaking innovations.

*Average includes total annual funding between 2014 and 2020.

On Average, Bengaluru-Based Startups Raise Annual Investments Of \$4.5 Bn

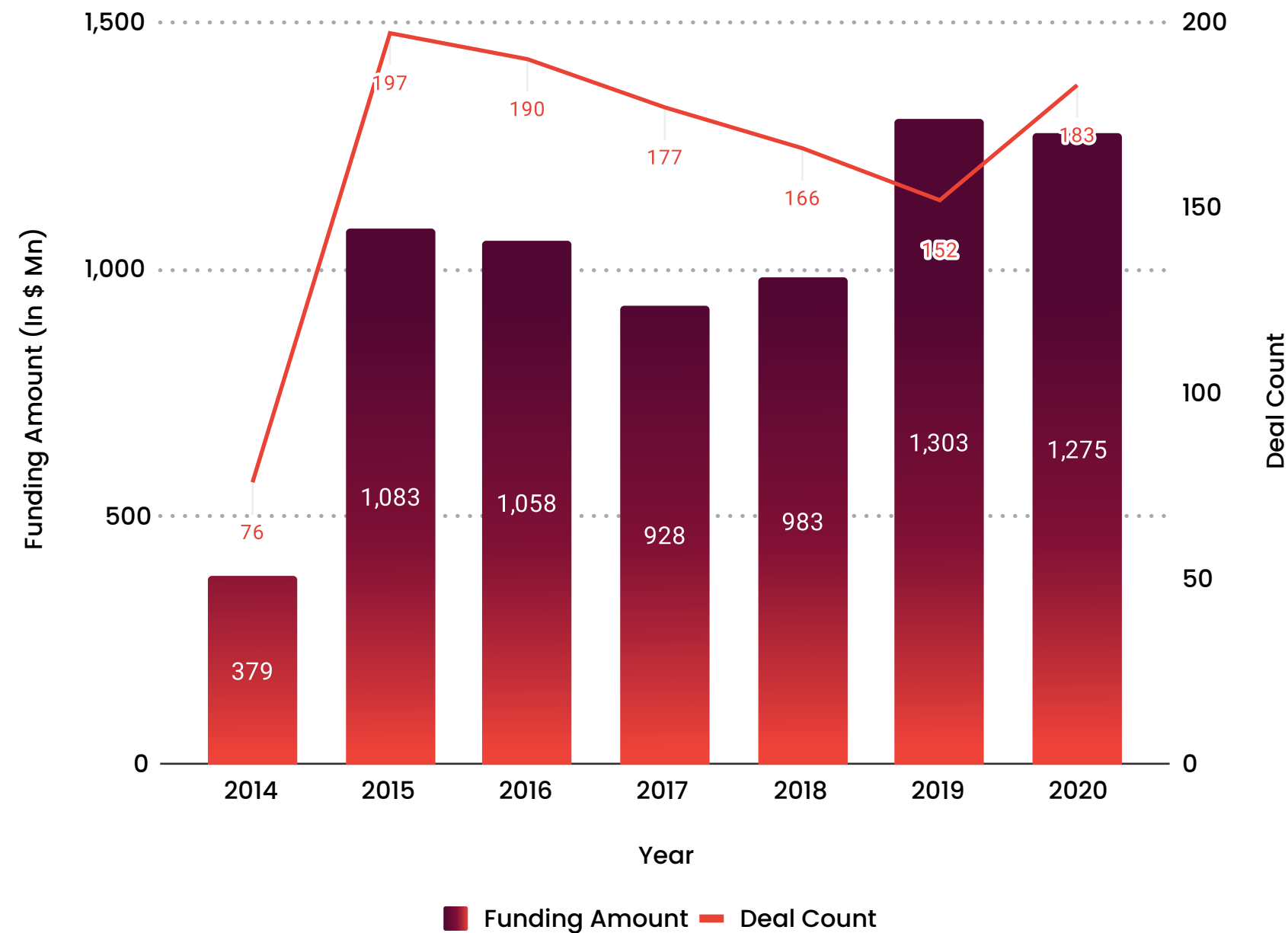


Average includes total annual funding between 2014 and 2020.

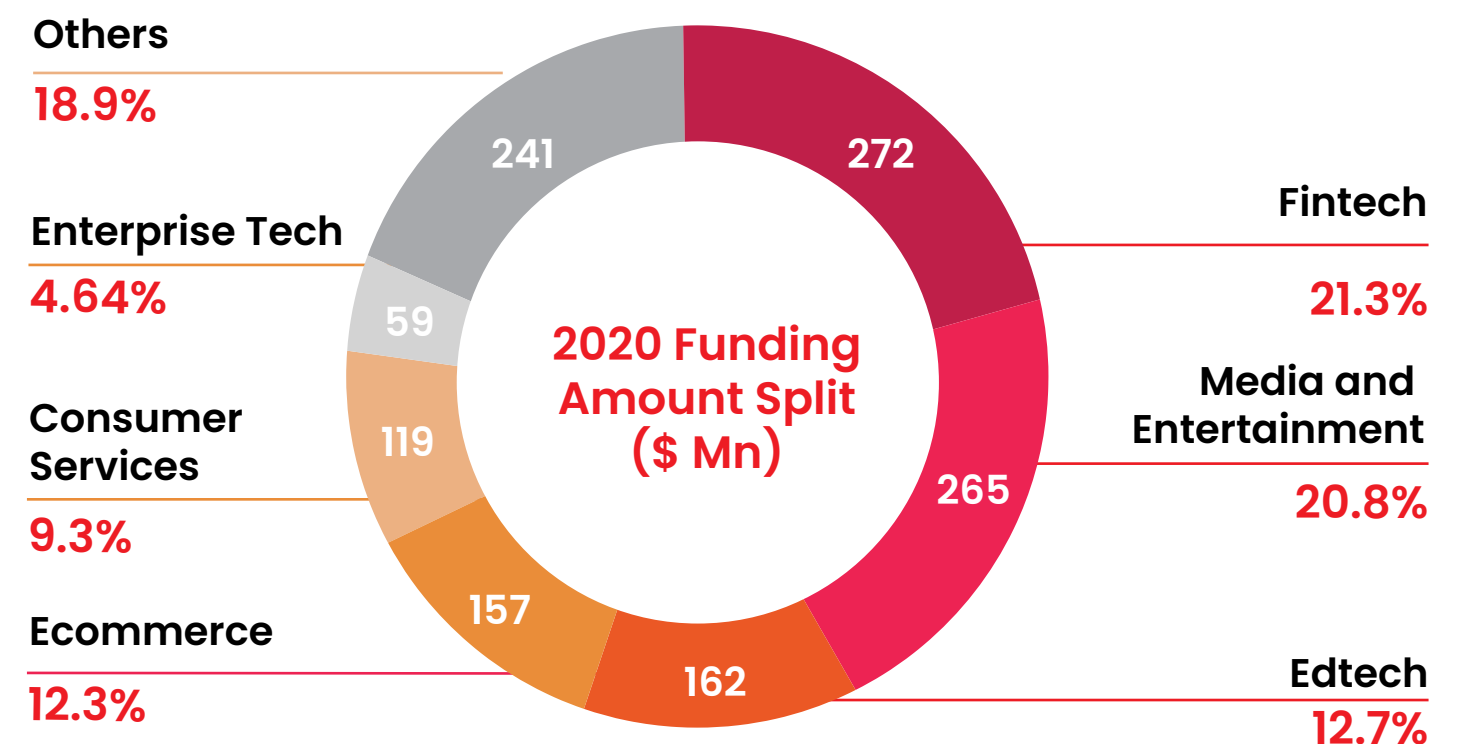
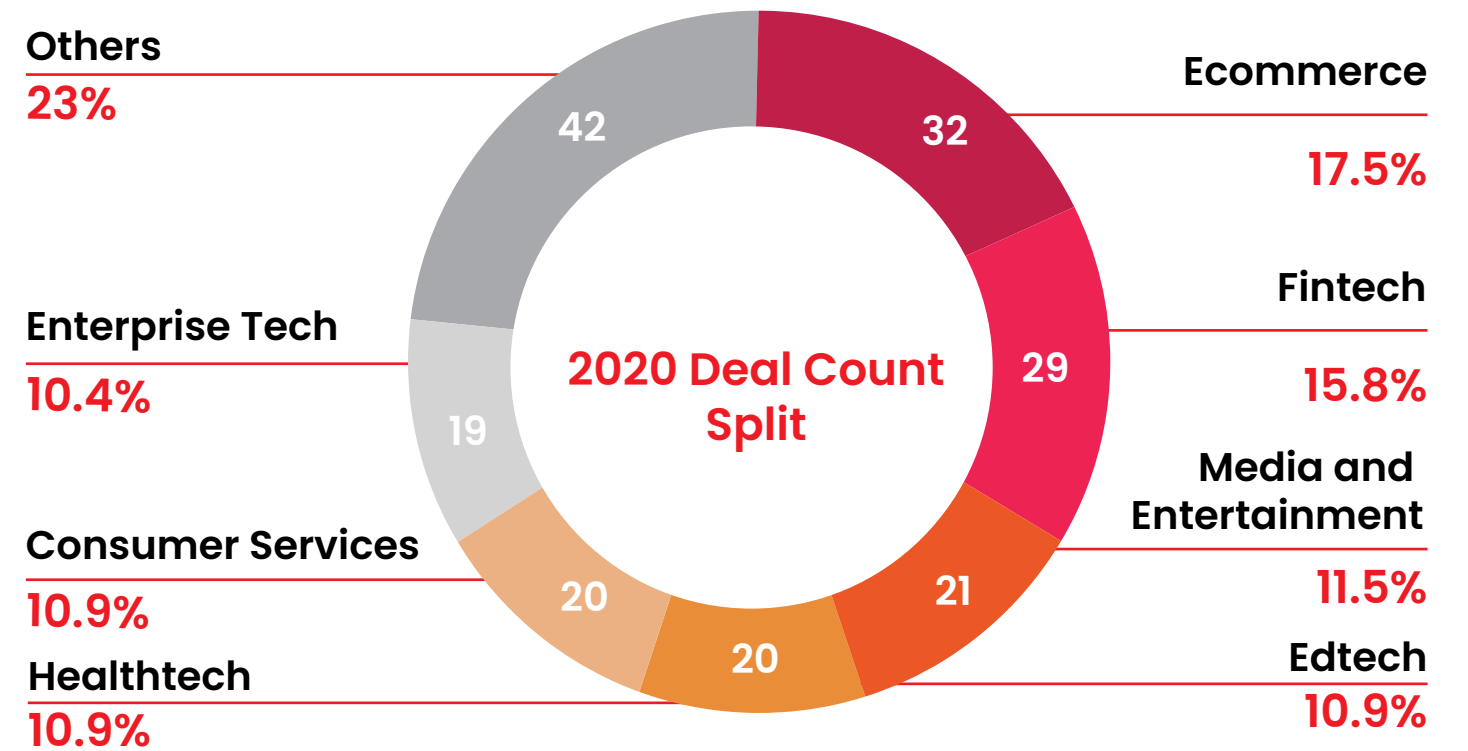
Mumbai Startup Ecosystem At A Glance

\$7 Bn Raised From 1,141 Funding Deals Between 2014 And 2020

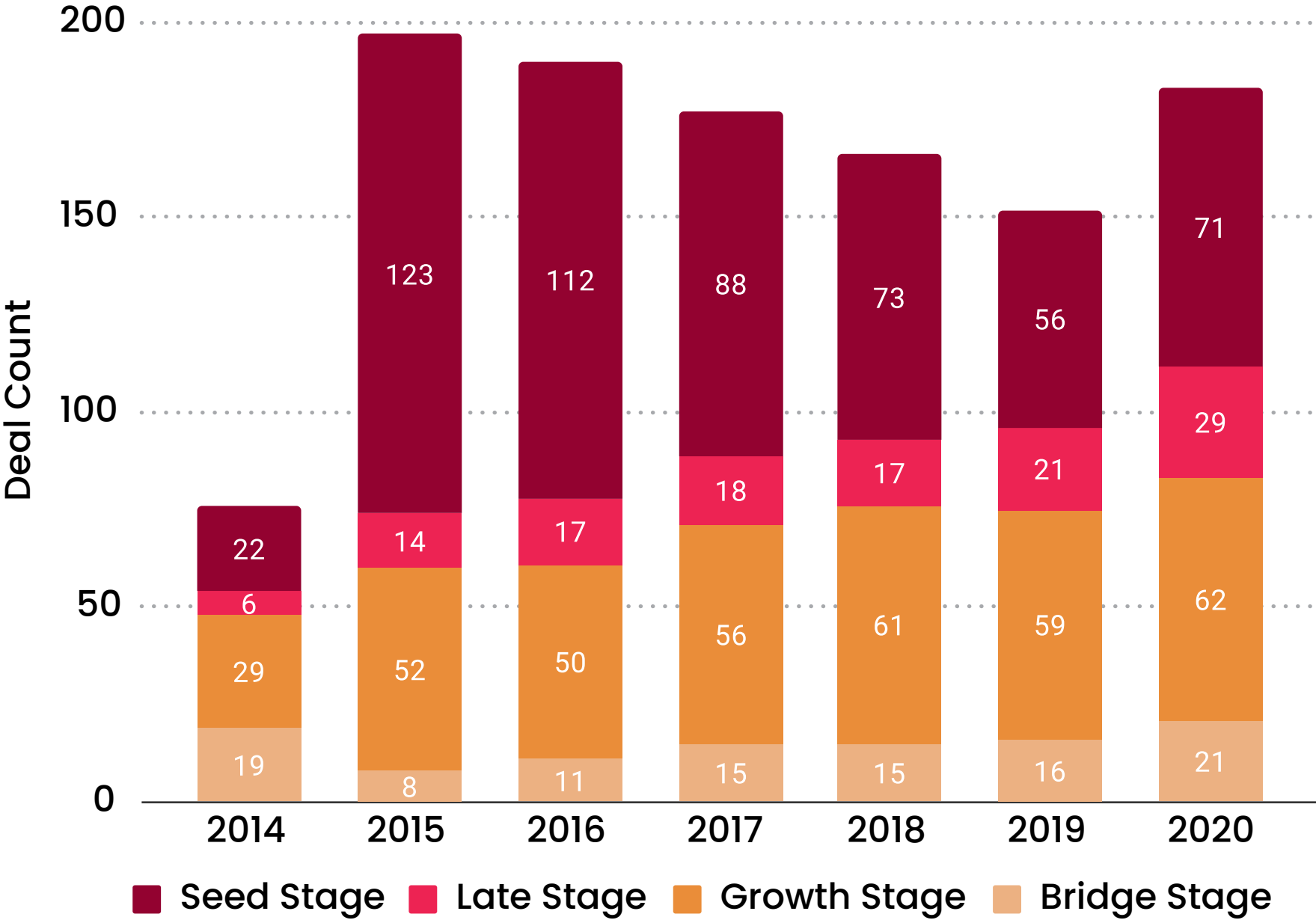
Compared to 2019, funding decreased by 2% in 2020, but the deal count saw an uptick of 20%



Ecommerce And Fintech Were Investors' Favourites In Terms Of Venture Capital Funding In 2020



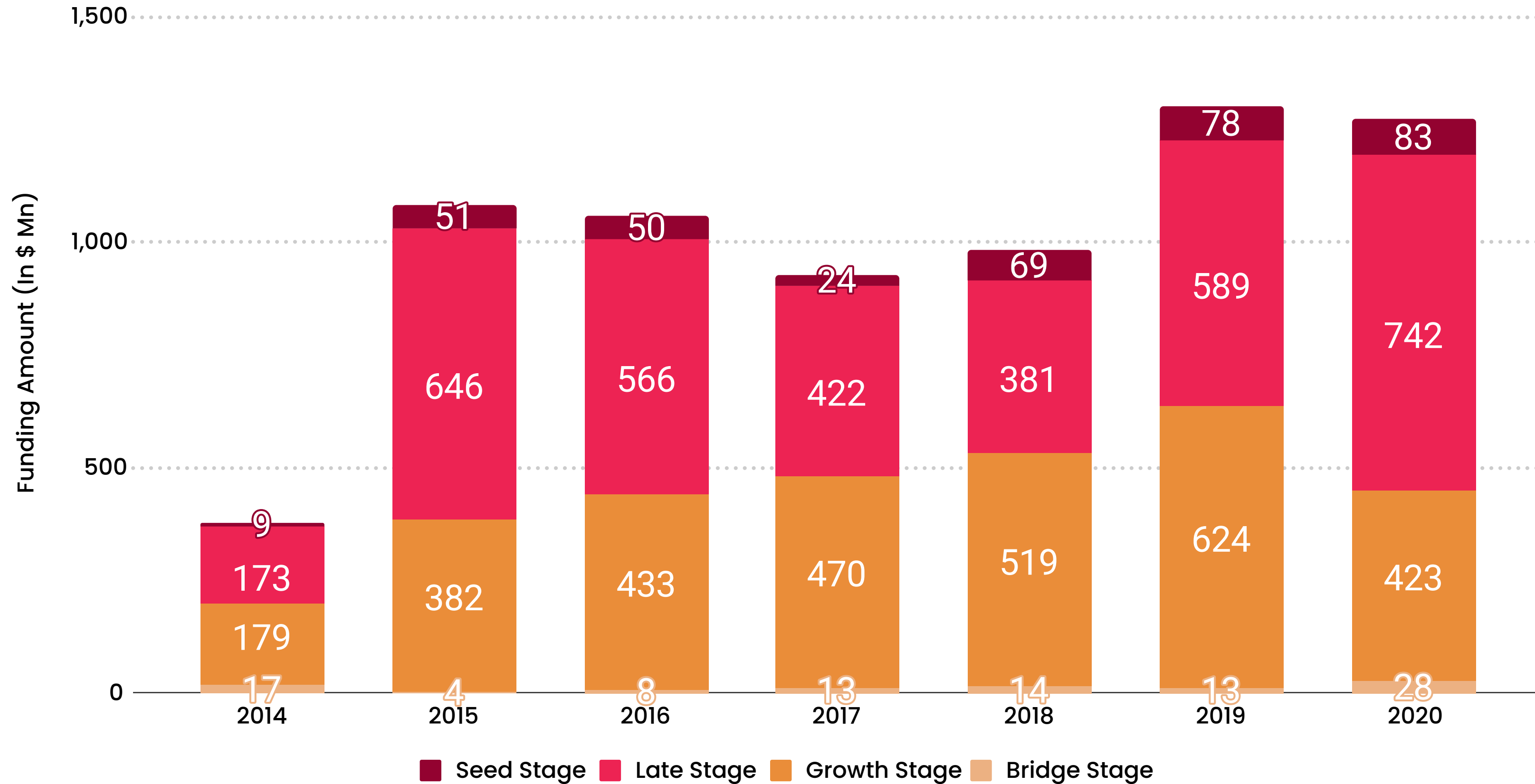
On Average, 72 Seed Stage Startups Are Funded Annually In Mumbai



- Media and entertainment, healthtech and fintech are the fastest-growing sectors in this hub in venture capital deals. These three sectors recorded a CAGR (2015-2020) of 10%, 7.4% and 6%, respectively.
- Bridge-stage (CAGR of 21%) and late-stage (16%) startups witnessed higher investor confidence than seed-stage (-10%) and growth-stage (4%) startups. On average, 142 startups are funded annually in the city.
- OTT's growing popularity in India fuelled investor confidence in the media and entertainment sector, which was primarily dominated by online gaming and social media. As Mumbai is the hub for film and television production, it provides all essential infrastructure required for OTT platforms to undertake content production.

*Average includes total annual funding between 2014 to 2020.

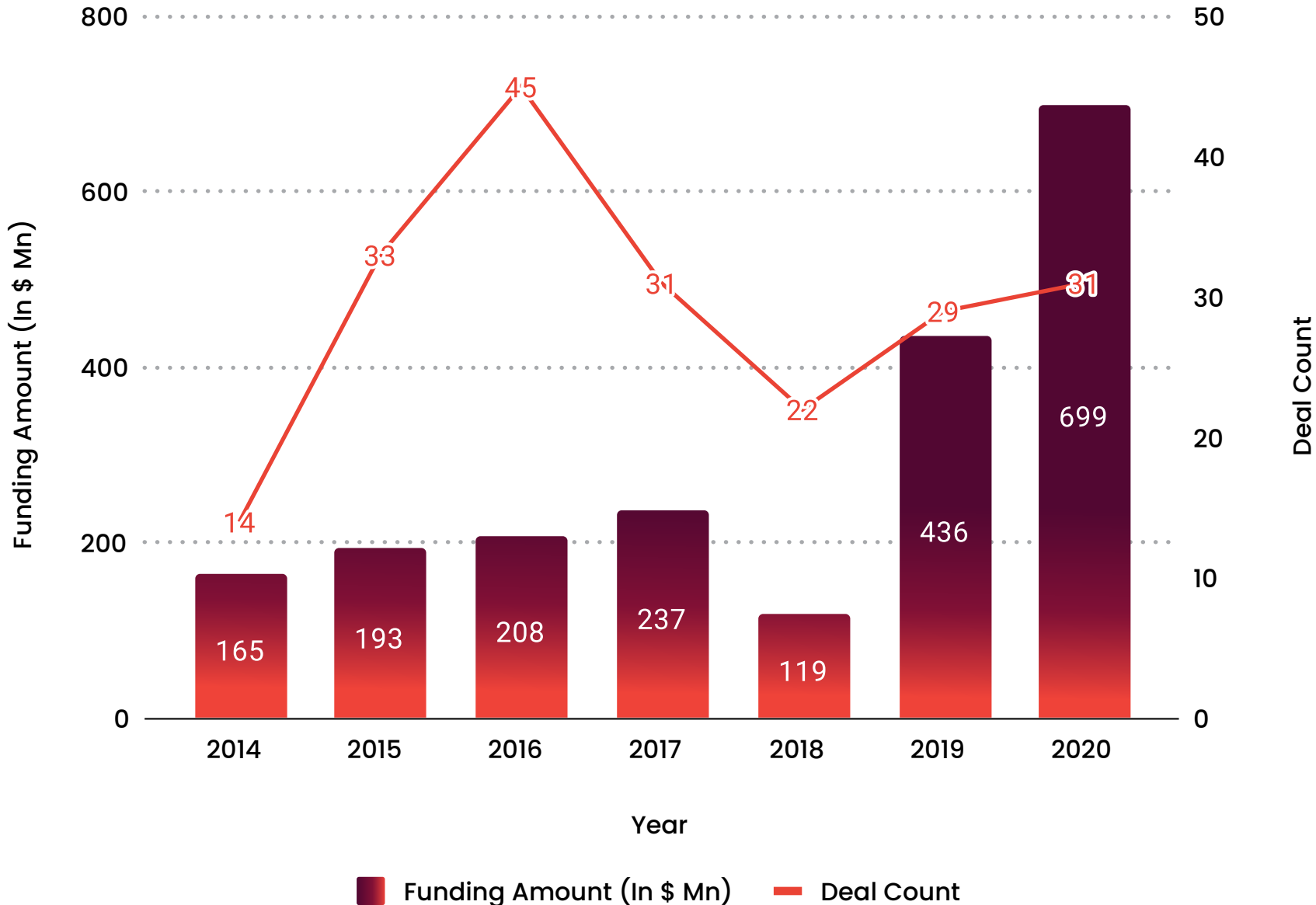
On Average, \$1 Bn Is Invested Annually In Mumbai-Based Startups



Pune Startup Ecosystem At A Glance

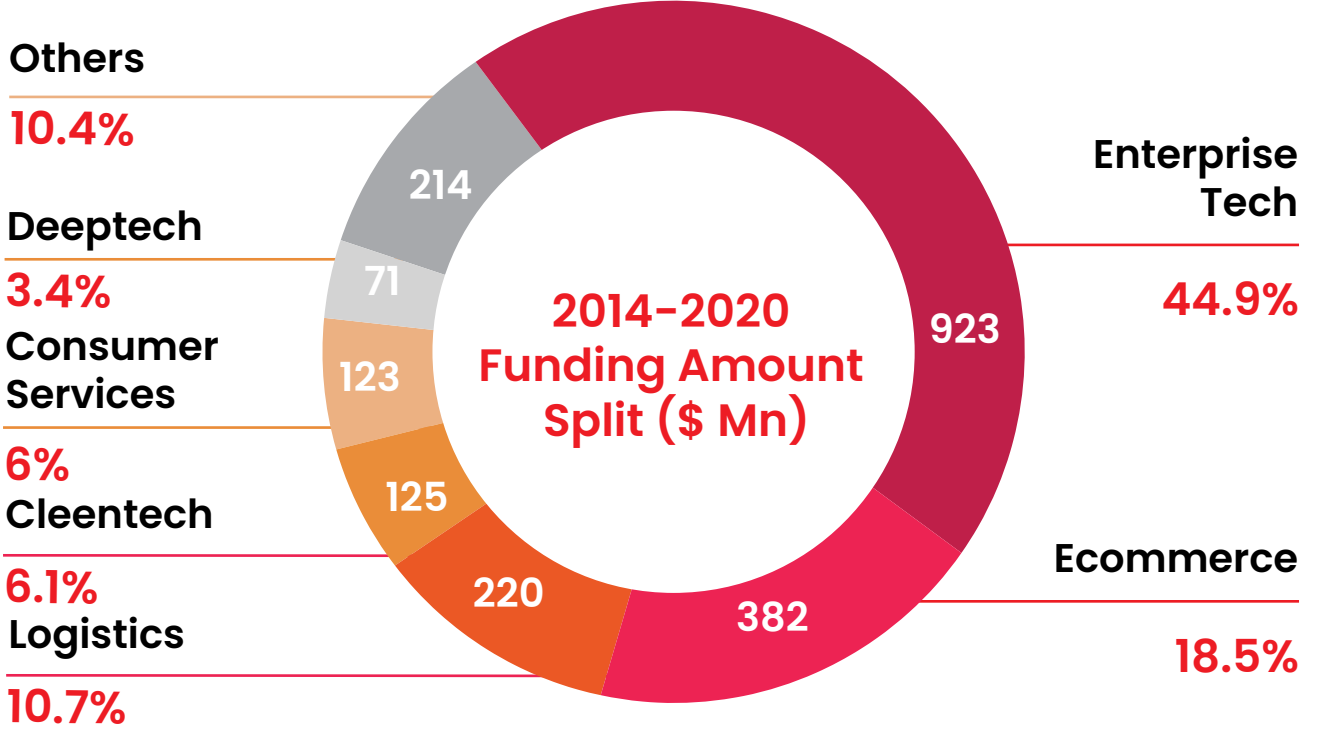
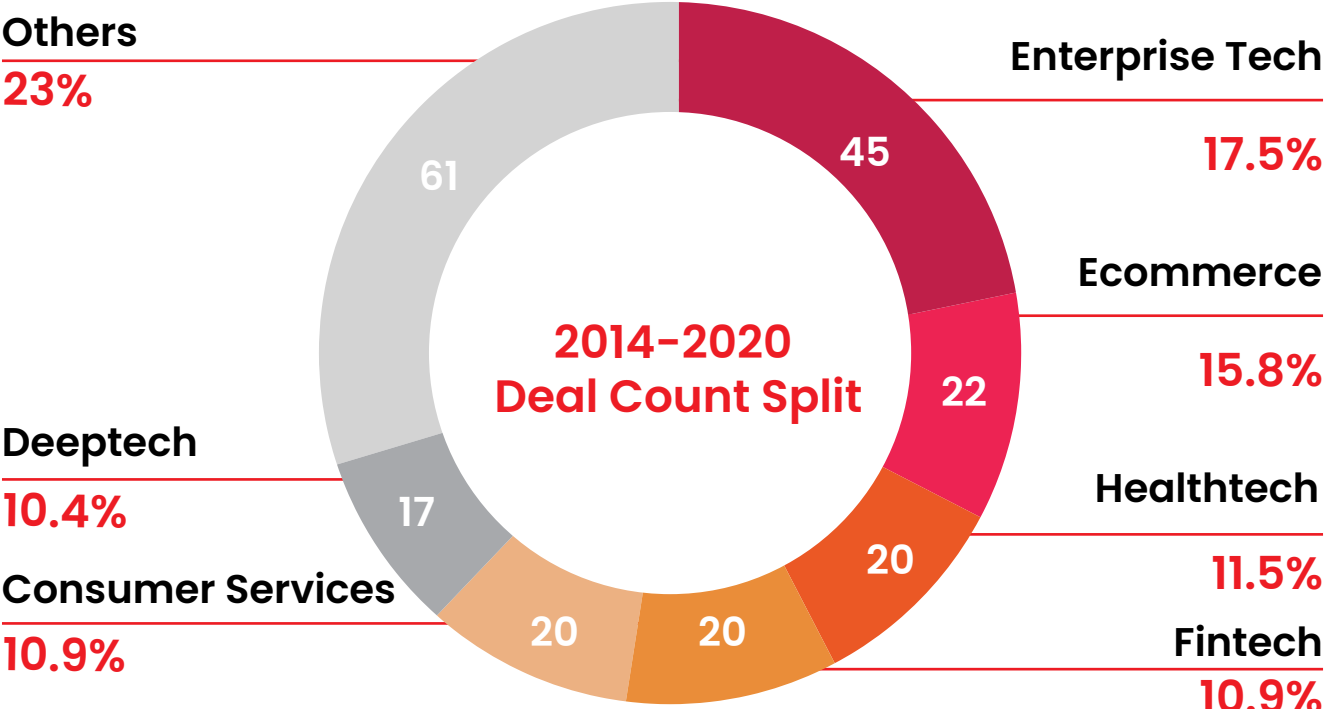
Pune Recorded \$2 Bn In Funding Between 2014 And 2020

Compared to 2019, funding amount increased by 60% in 2020, while the deal count saw a marginal rise of 7%

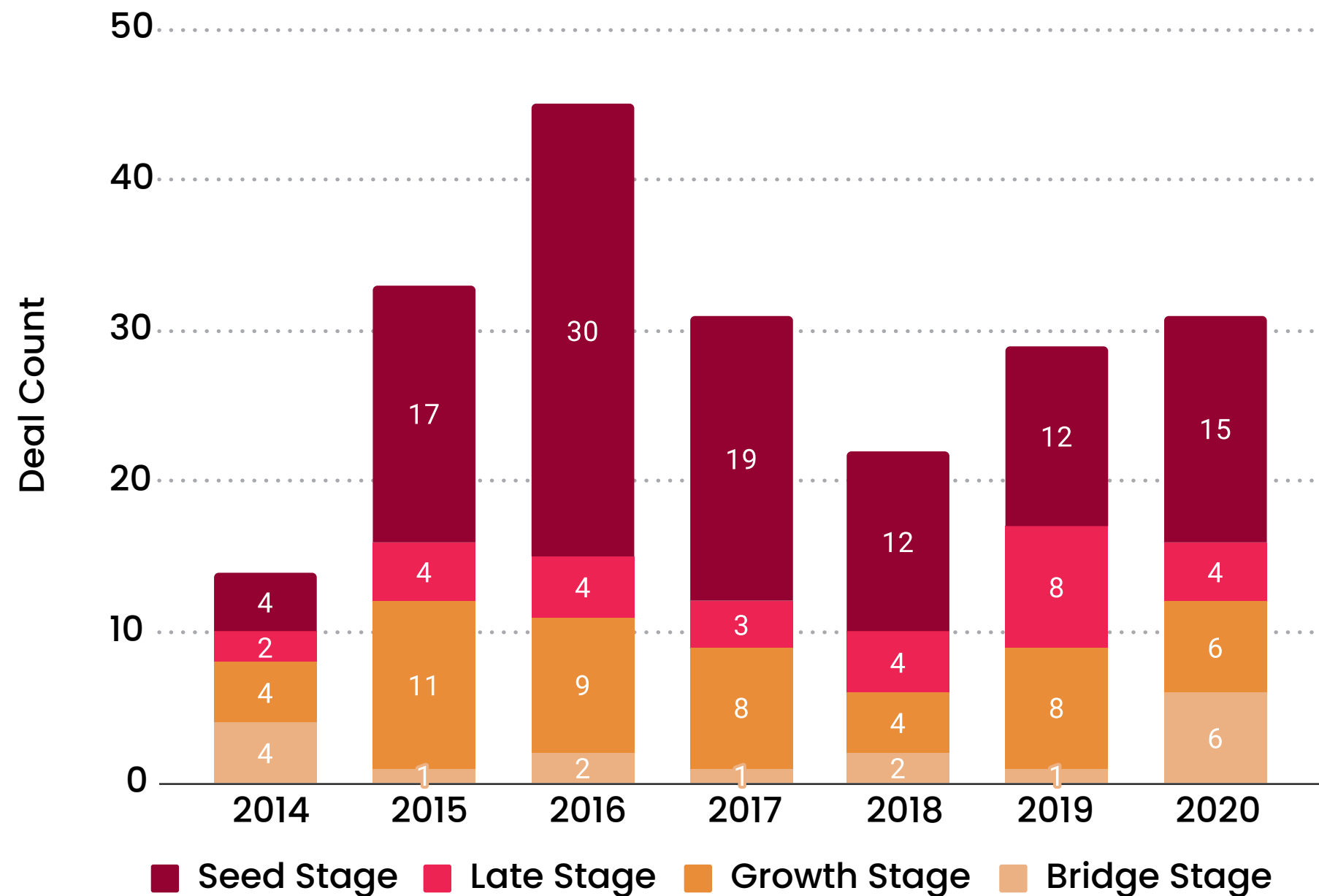


Notable Startups

Enterprise Tech Was Investors' Favourite When It Came To Venture Capital Investments In 2020



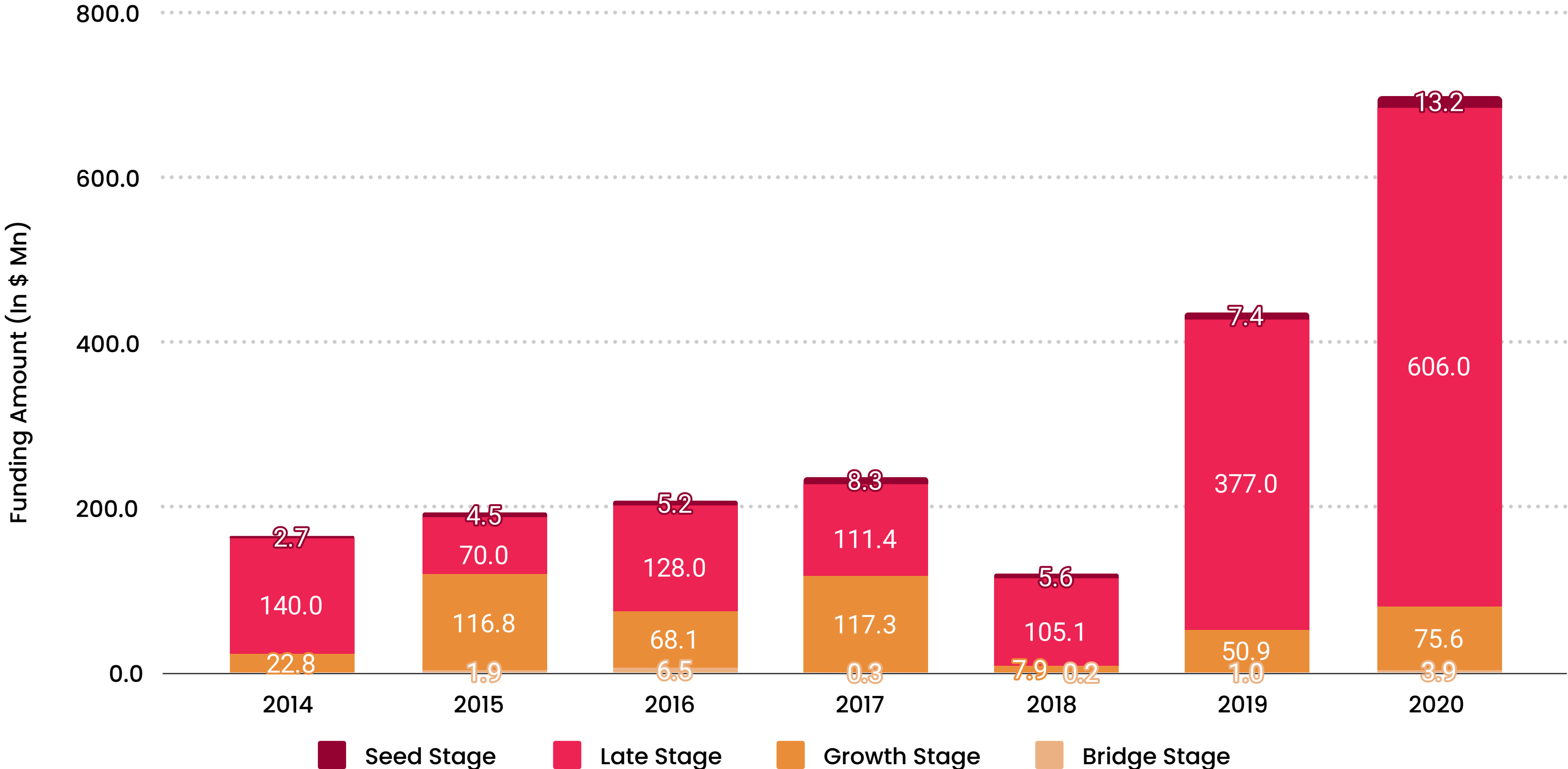
On Average, 27 Startups Are Funded Annually In Pune



- Fintech and healthtech are the fastest-growing sectors in the city in terms of venture capital deal flow. These recorded a CAGR (2015–2020) of 15% and 8.4%, respectively.
- With 205 venture capital deals recorded across 135 unique startups between 2014 and 2020, Pune is among the country's top emerging startup hubs. Some notable startups headquartered here include FirstCry, Druva, LoanTap and Icertis.
- The Maharashtra government is taking numerous initiatives to transform Pune into a startup hub in the state. Establishment of the Pune Idea Factory Foundation (PIFF), a one-stop shop for anything startup related in the city, will be a major catalyst in boosting the startup ecosystem in the city.

*Average includes total annual funding between 2014 and 2020.

On Average, \$294 Mn Is Invested Annually In Pune-Based Startups

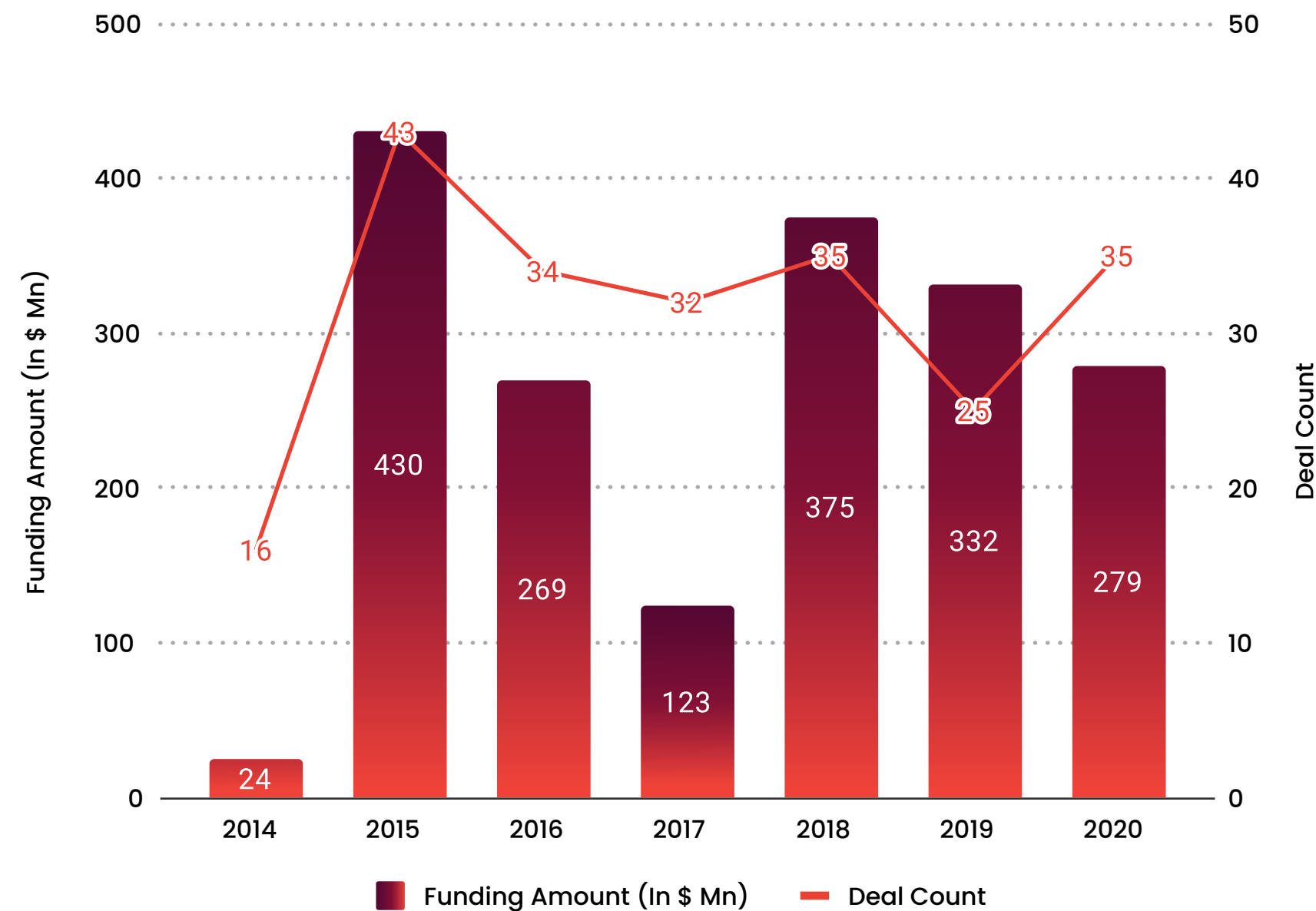


*Average includes total annual funding between 2014 and 2020.

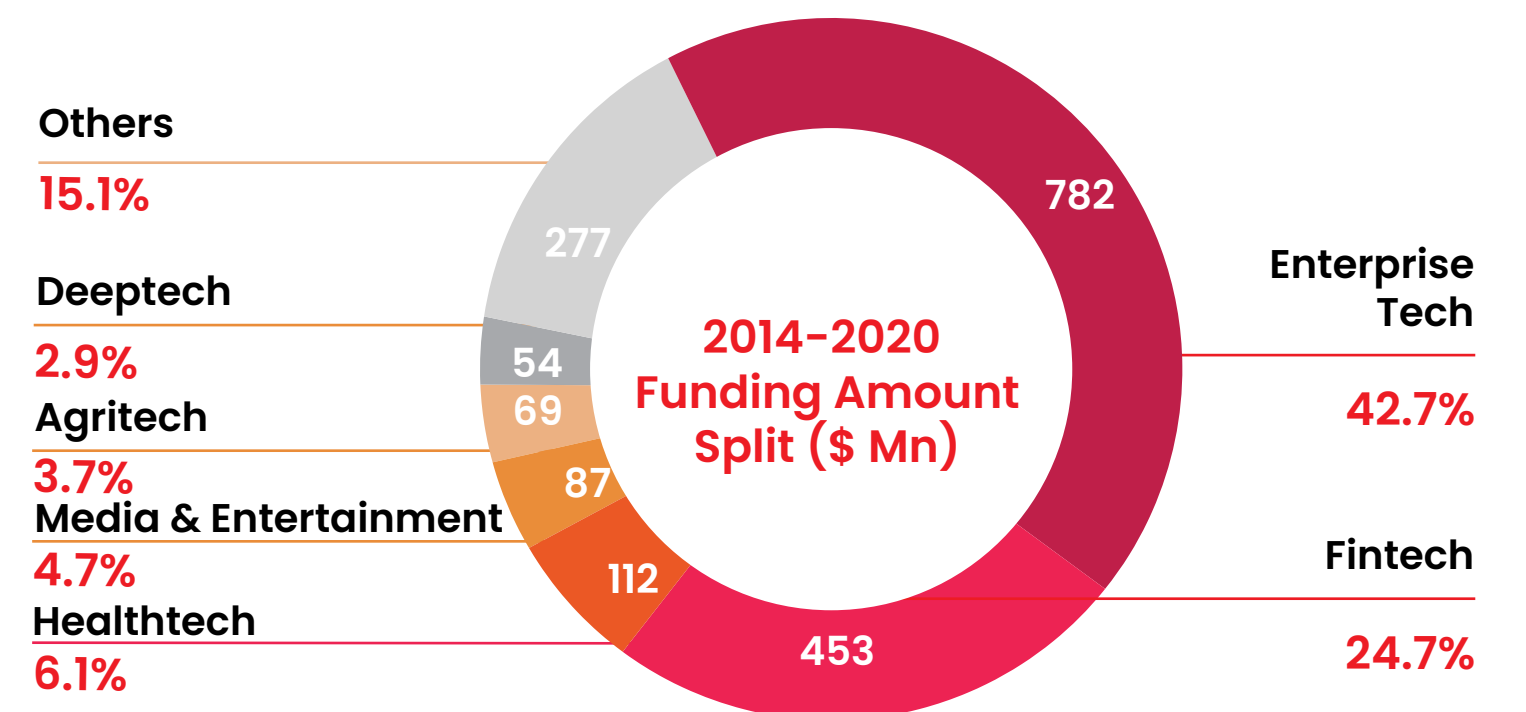
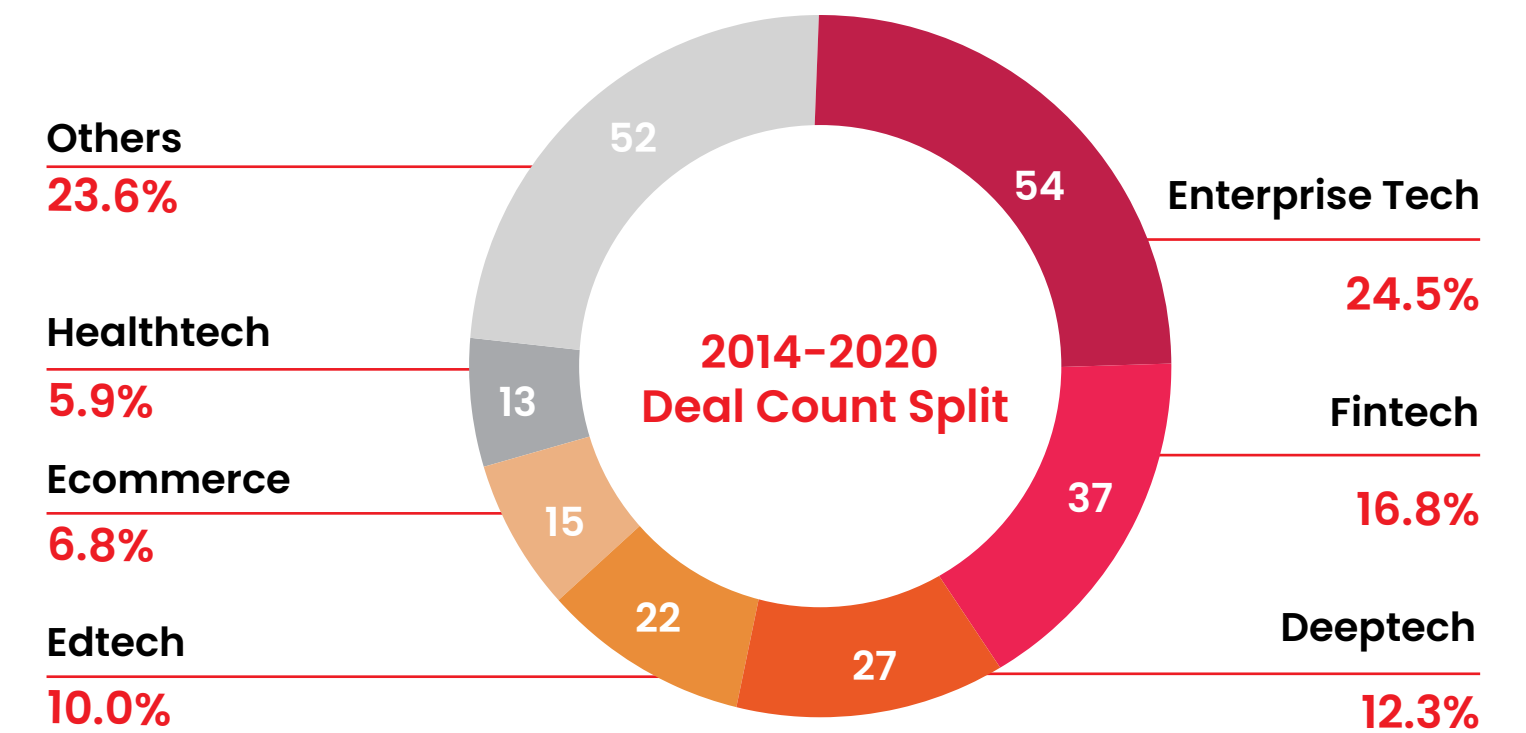
Chennai Startup Ecosystem At A Glance

\$1.8 Bn Raised From 220 Funding Deals Between 2014 And 2020

Compared to 2019, the funding amount decreased by 16% in 2020, but the deal count rose to 40%

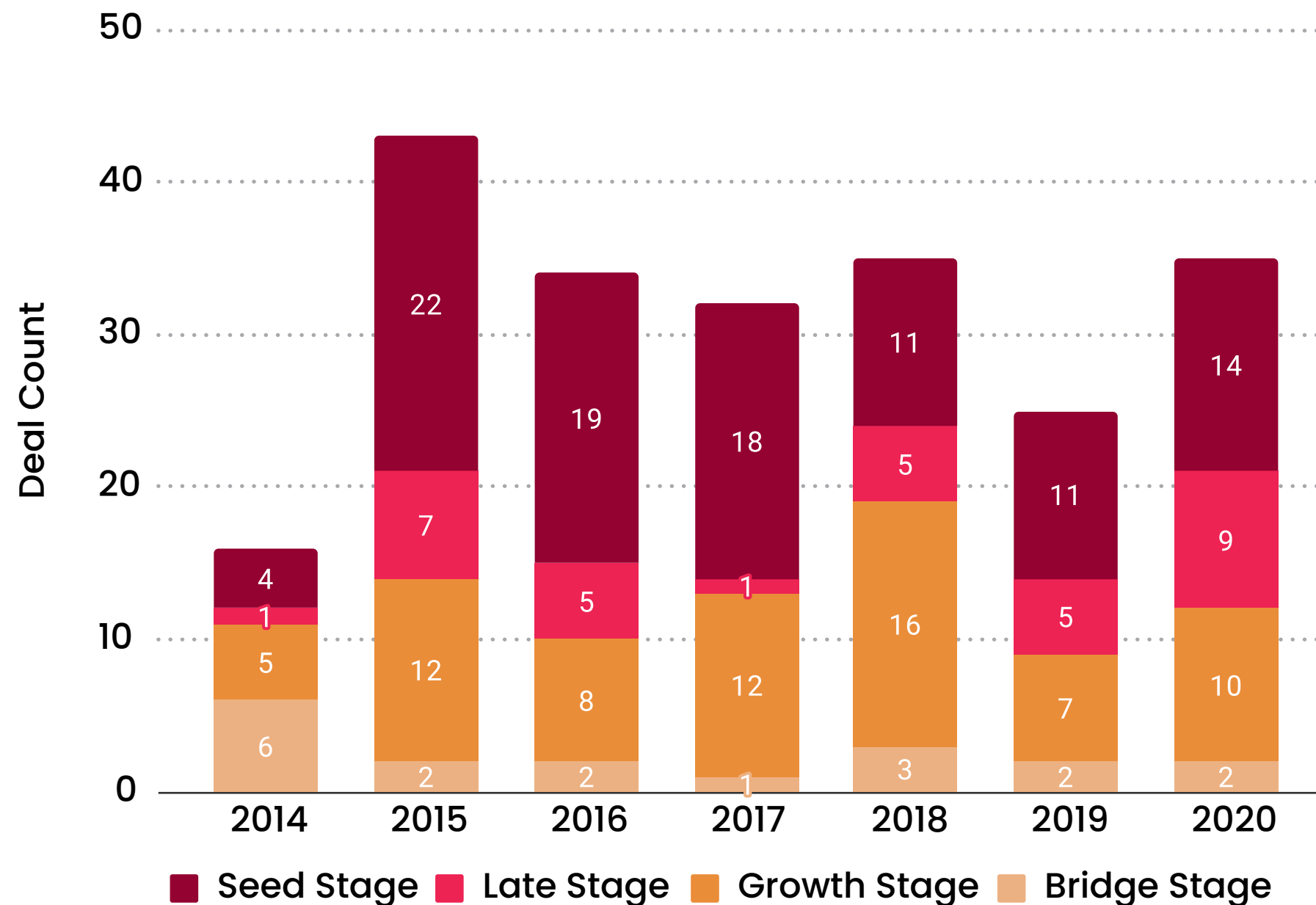


Established SaaS Ecosystem In Chennai Plays A Pivotal Role In Enabling Enterprise Tech Startups In The City



Notable Startups

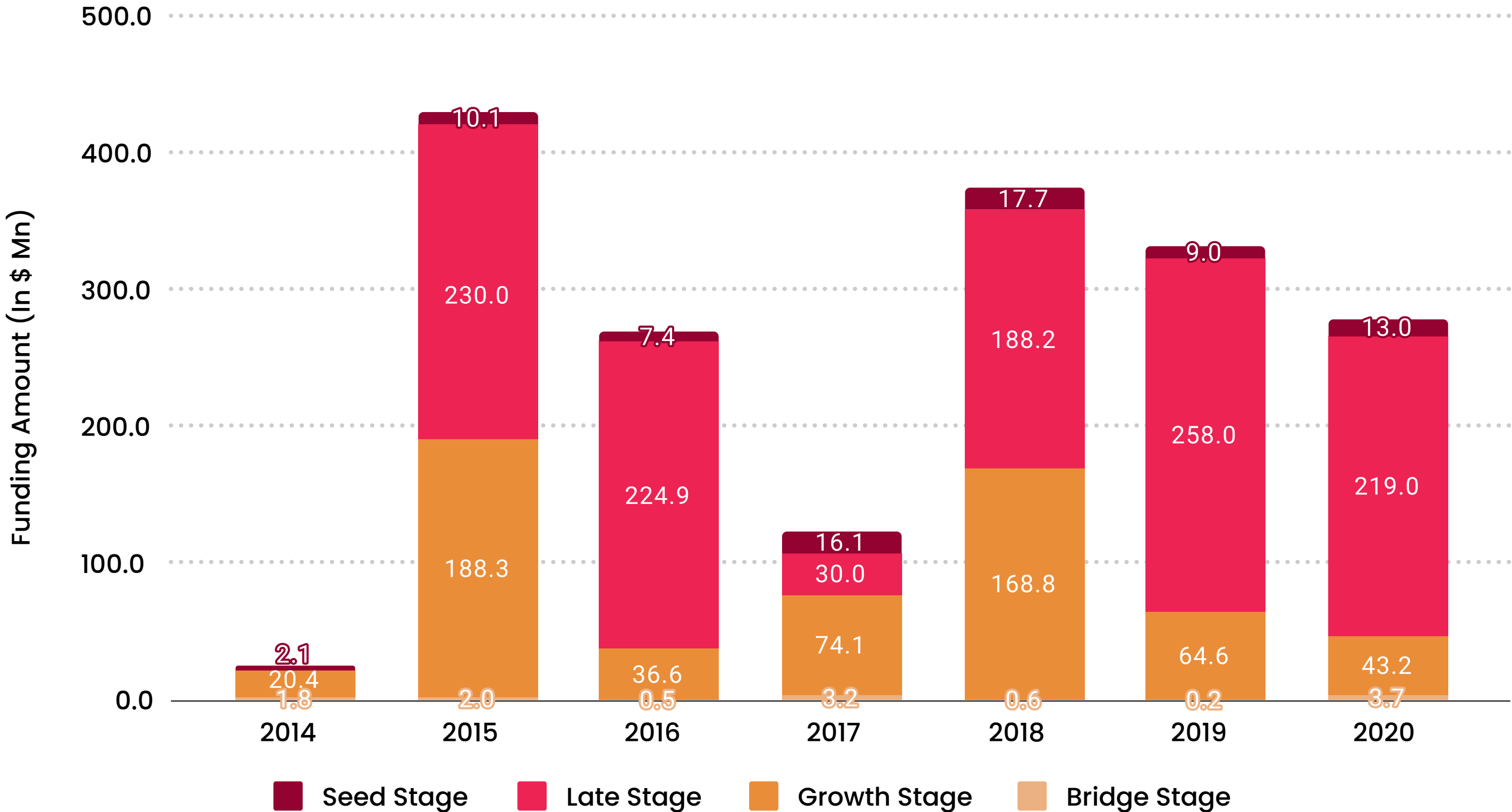
On Average, 29 Startups Are Funded Annually In Chennai



- Chennai provides one of the most favourable ecosystems for setting up a SaaS startup in India. The talent pool created by established SaaS players like Zoho, Freshworks and Kissflow plays a pivotal role in crowing Chennai as the country's SaaS capital.
- The enterprise tech sector, which mostly involves SaaS companies, accounts for nearly 43% (\$782 Mn out of \$1.8 Bn) of the total funding invested in Chennai-based startups between 2014 and 2019. In terms of deal count, enterprise tech startups bagged 25%, or 54, of the 220 funding deals.
- Chennai tops our list of emerging startup hubs in India, with 220 funding deals recorded between 2014 and 2020 across 145 unique startups.

*Average includes total annual funding between 2014 and 2020.

On Average, \$262 Mn Is Invested Annually In Chennai-Based Startups

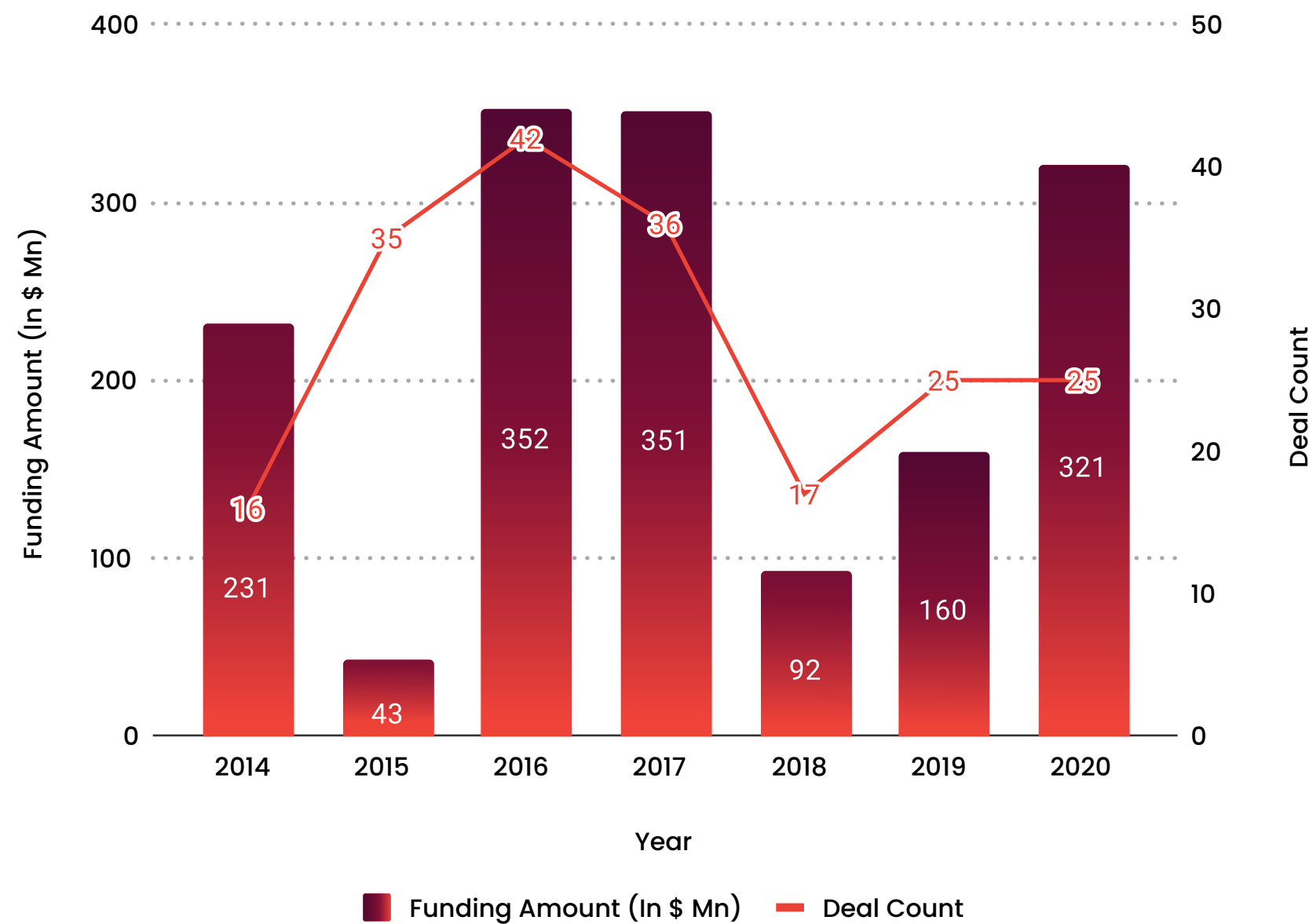


Average includes total annual funding between 2014 and 2020.

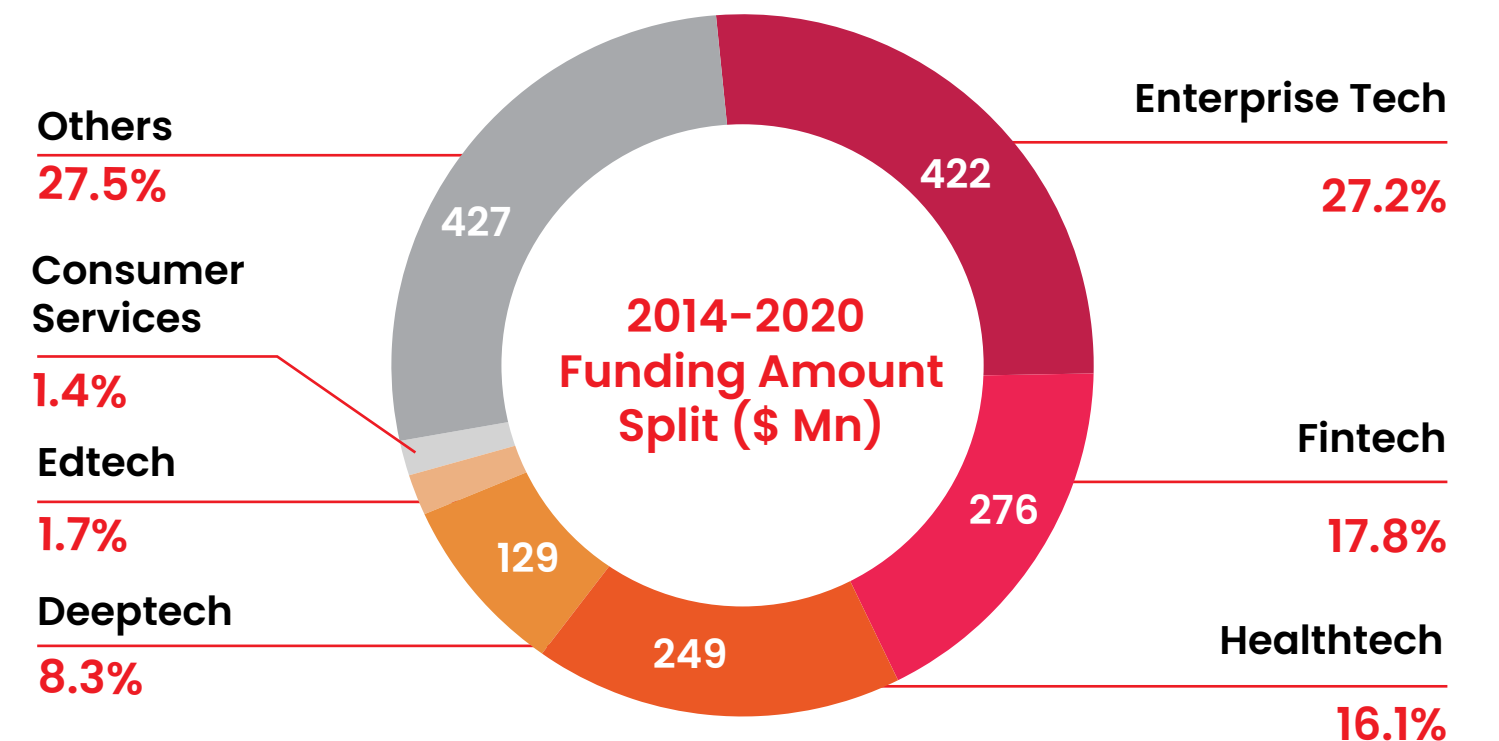
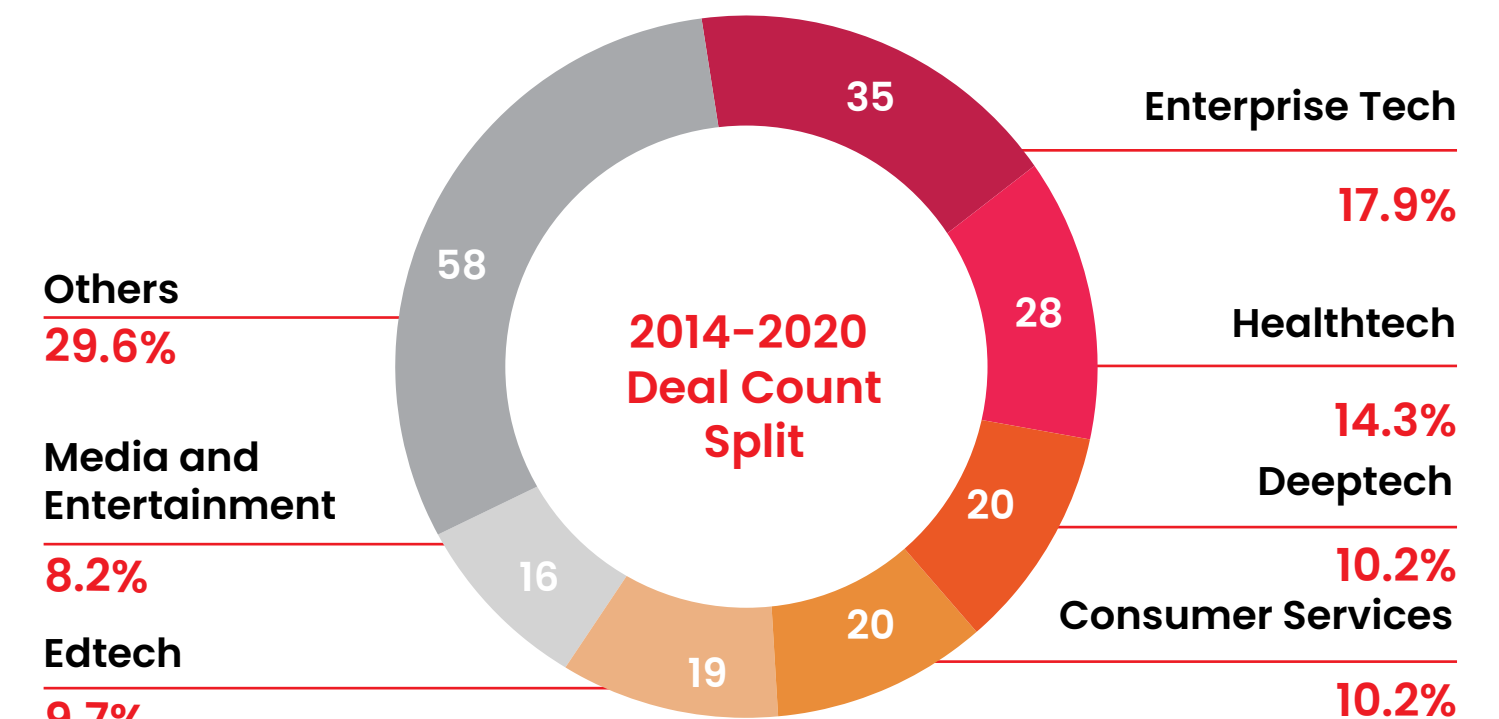
Hyderabad Startup Ecosystem At A Glance

\$1.5 Bn Raised From 196 Funding Deals Between 2014 And 2020

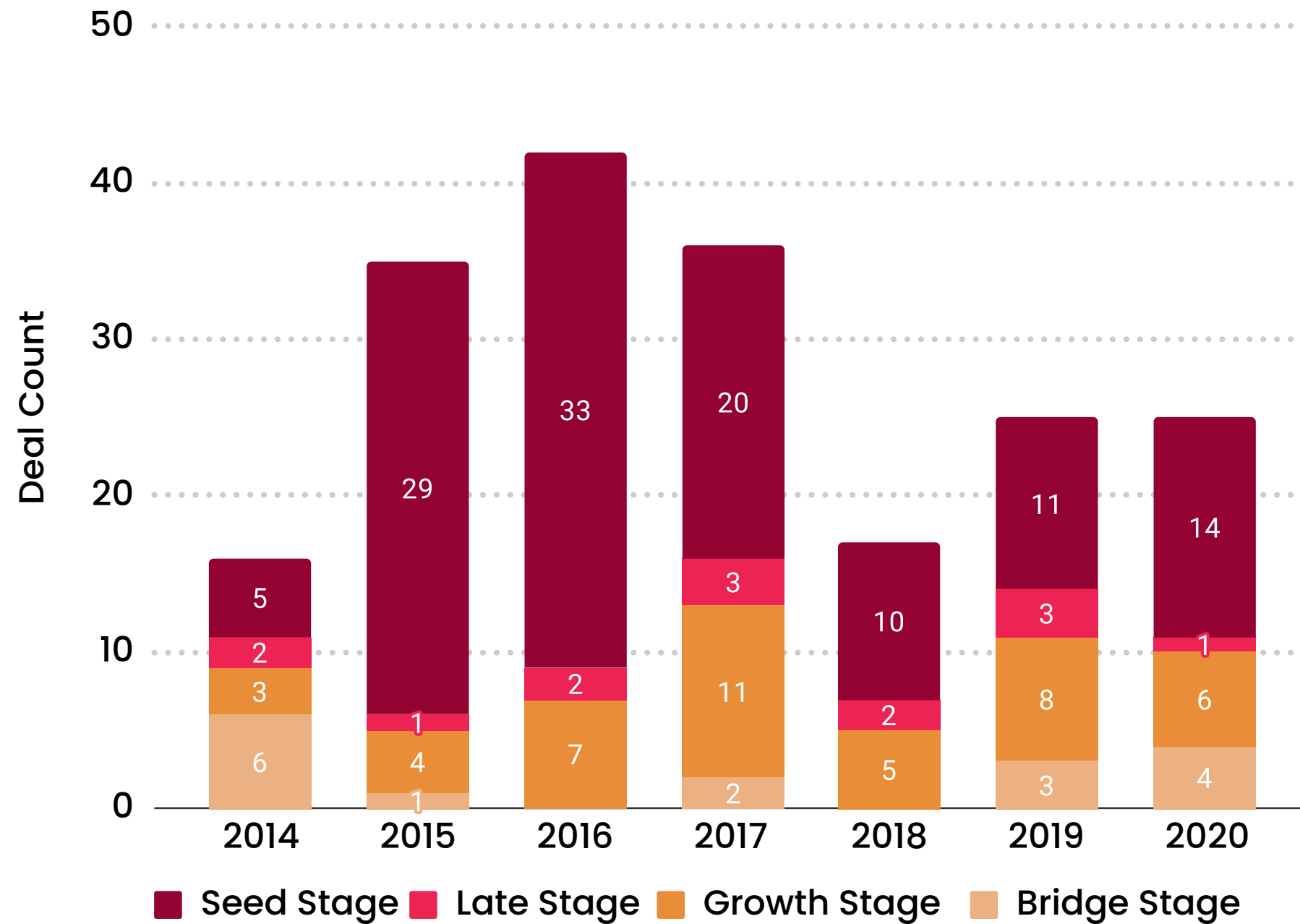
Compared to 2019, the funding amount doubled in 2020, from \$160 Mn to \$321 Mn



Zenoti And HighRadius Bagged \$100 Mn Plus In Total Funding In The Year 2020



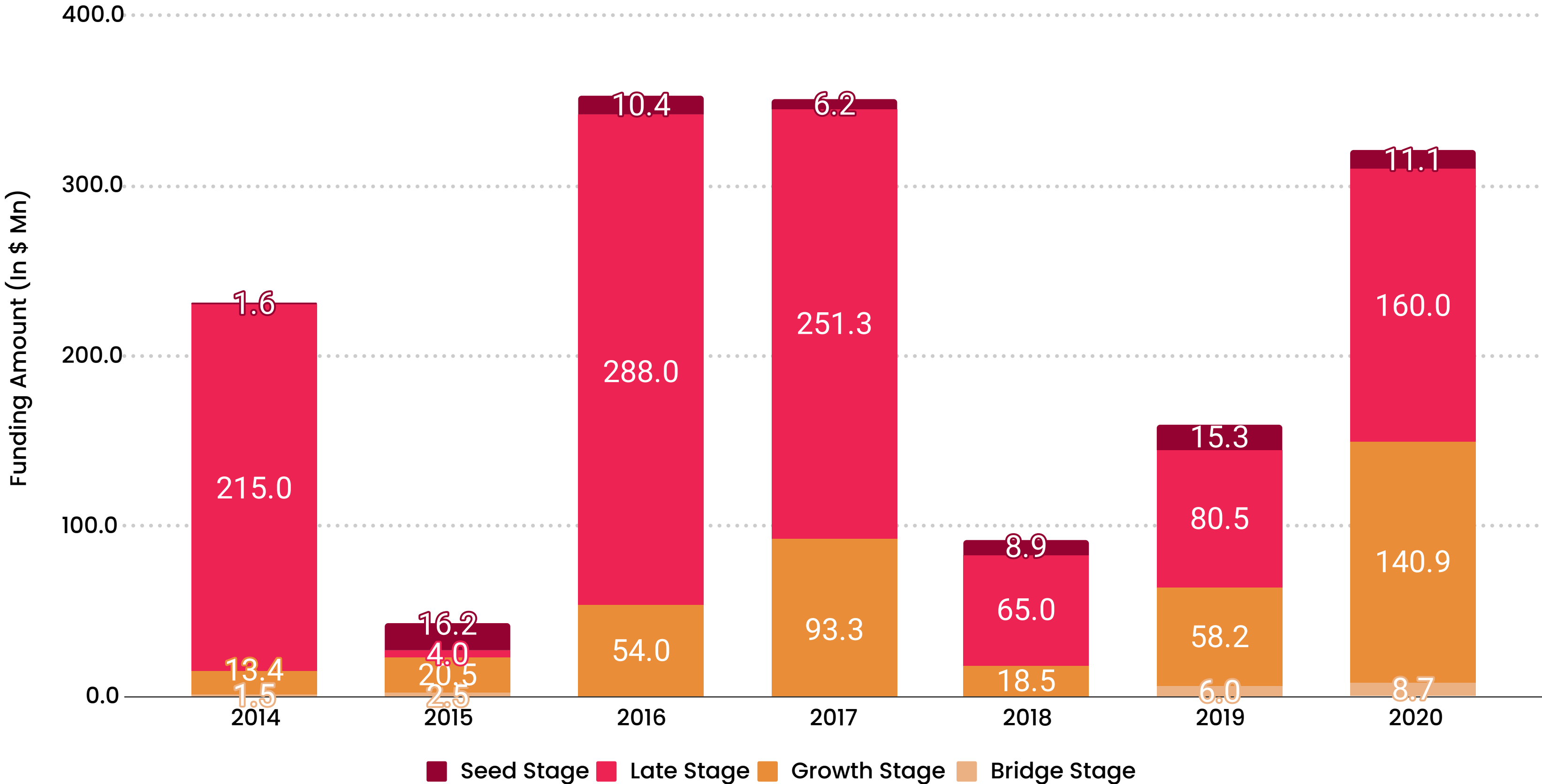
On Average, 27 Startups Are Funded Annually In Hyderabad



- Hyderabad is home to a flourishing IT ecosystem. The availability of a skilled talent pool is one of the biggest advantages that will attract entrepreneurs and help set up tech startups.
- Between 2014 and 2020, Hyderabad-based seed-stage startups raised more than \$69 Mn from 122 funding deals. The T-hub, a startup incubation centre set up by the state government, also plays a crucial role in promoting the entrepreneurship culture.
- Total funding in Hyderabad-based startups doubled from \$160 Mn in 2019 to \$321 Mn in 2020. Also, 91% (\$290 Mn out of \$321 Mn) of the 2020 funding went to the enterprise tech sector. This indicates that Hyderabad is on track to becoming the most favourite hub of SaaS startups in India.

*Average includes total annual funding between 2014 and 2020.

On Average, \$221 Mn Is Invested Annually In Hyderabad-Based Startups

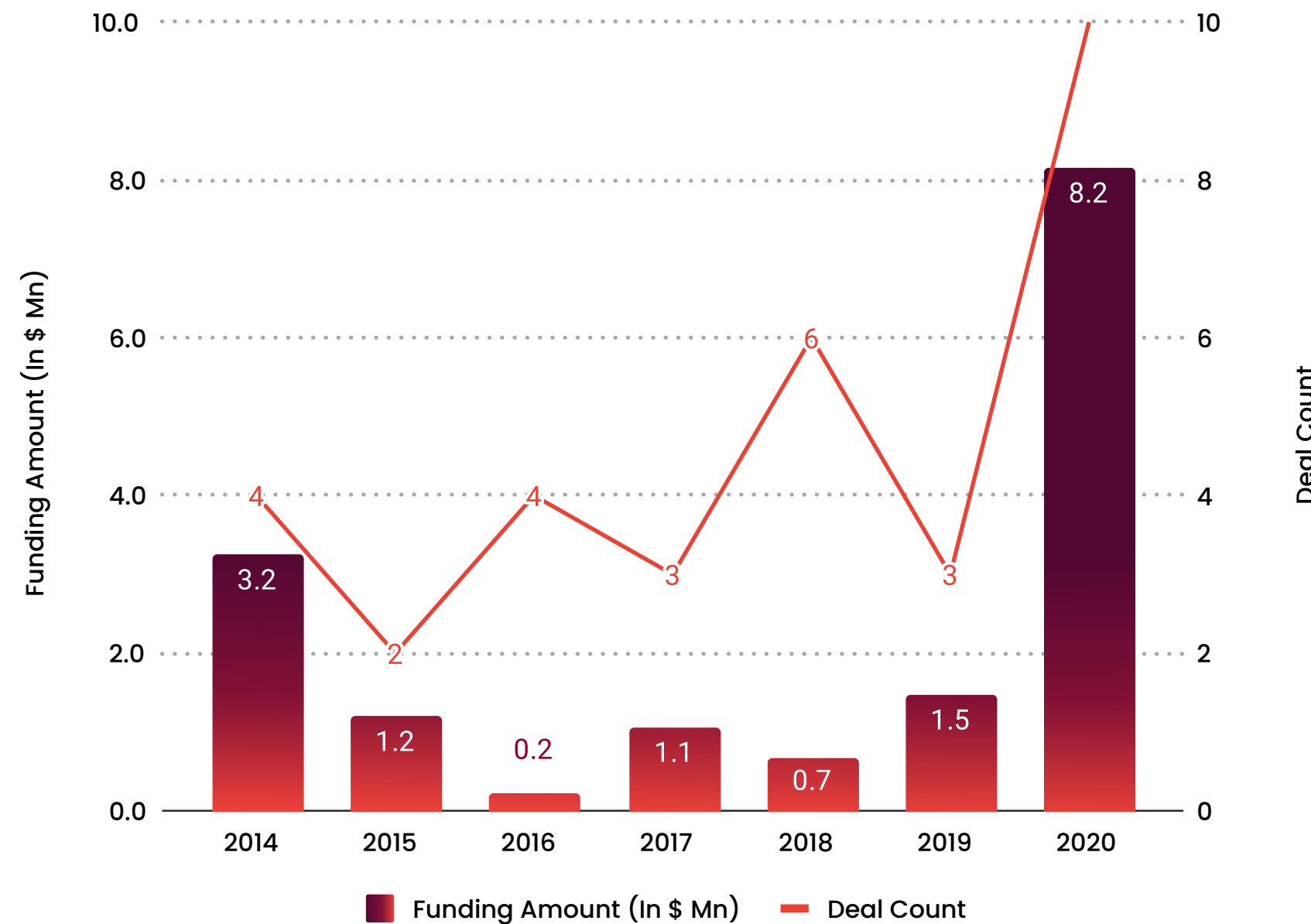


*Average includes total annual funding between 2014 and 2020.

Kerala Startup Ecosystem At A Glance

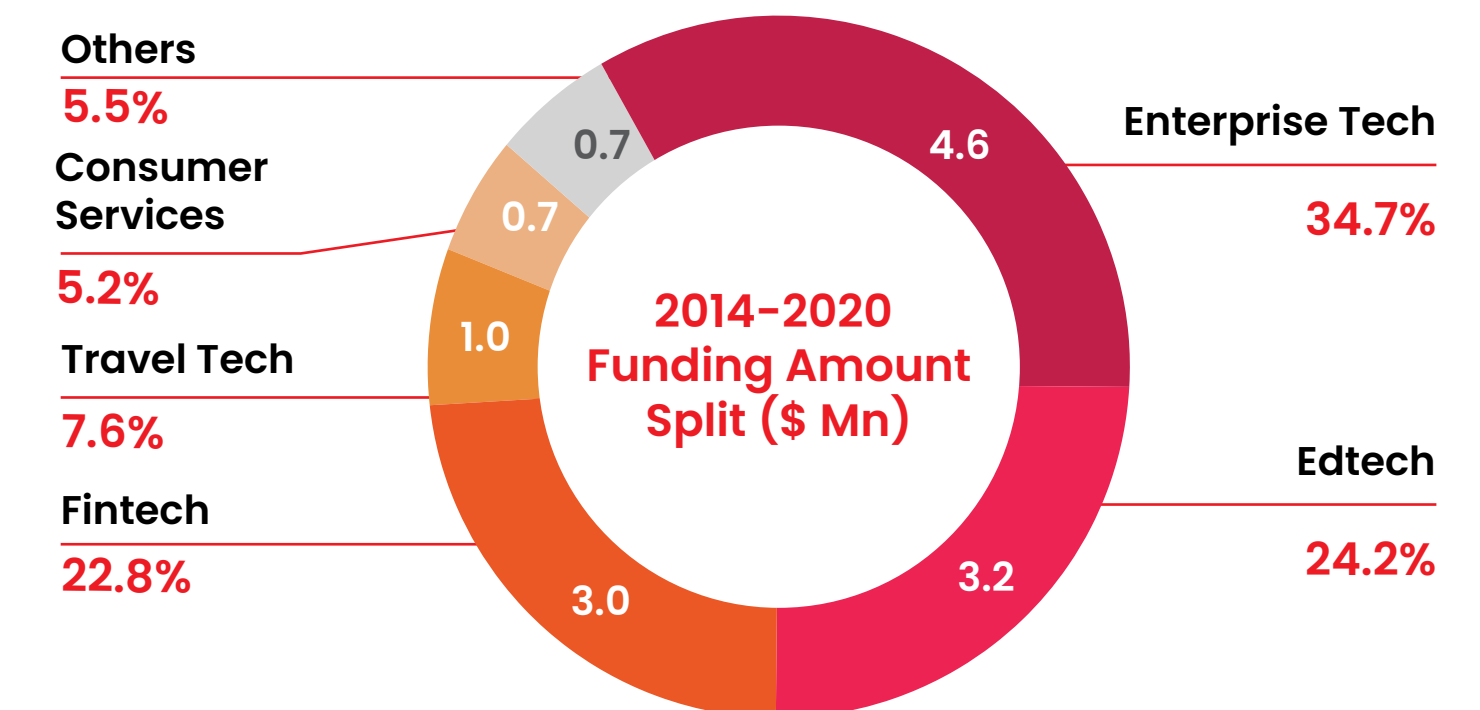
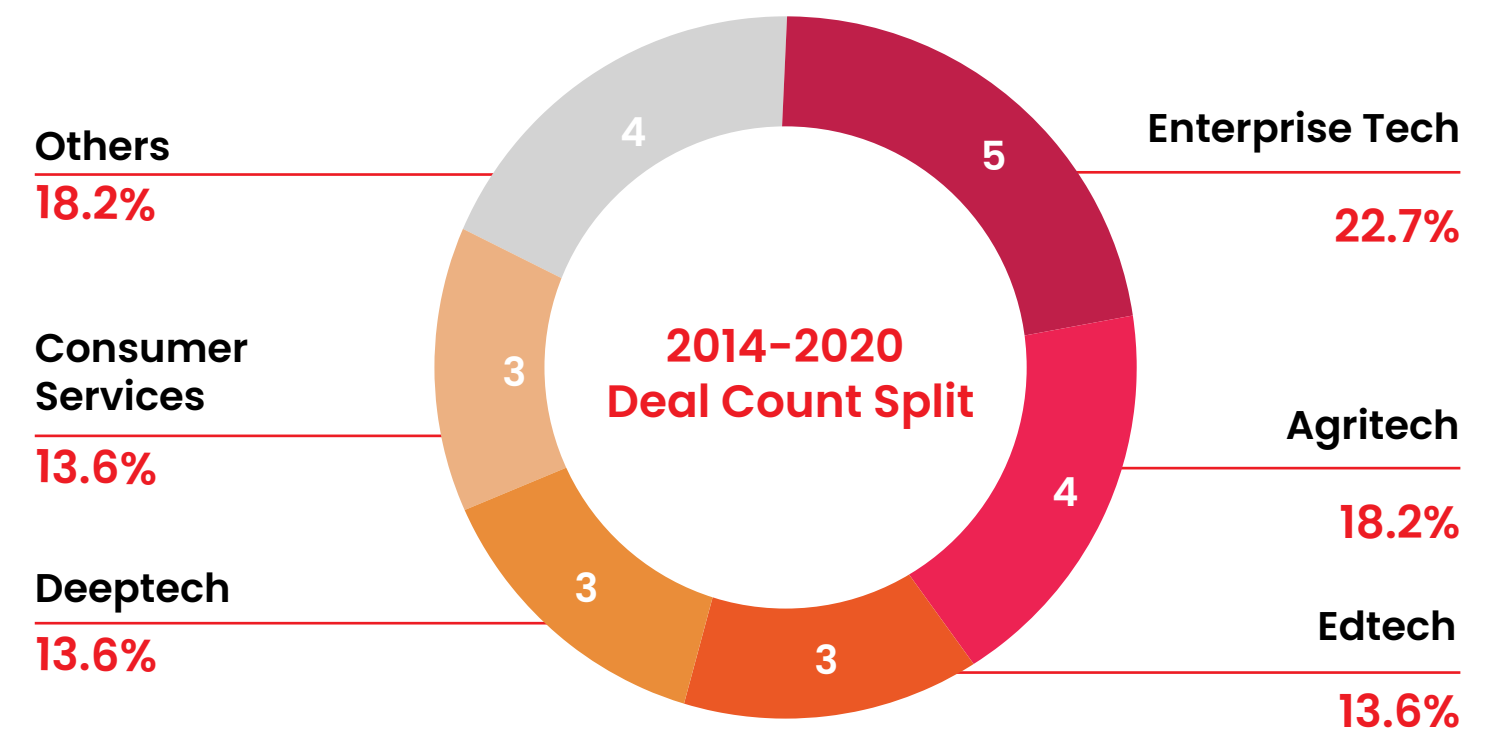
\$16 Mn Raised From 30 Funding Deals Between 2014 And 2020

Kochi-based startups accounted for 82% (\$13 Mn out of \$16 Mn) of the total funding



Notable Startups

Enterprise Tech Startups Bagged More Than 34% (\$4.6 Mn Out Of \$13 Mn) Raised By Kochi Startups



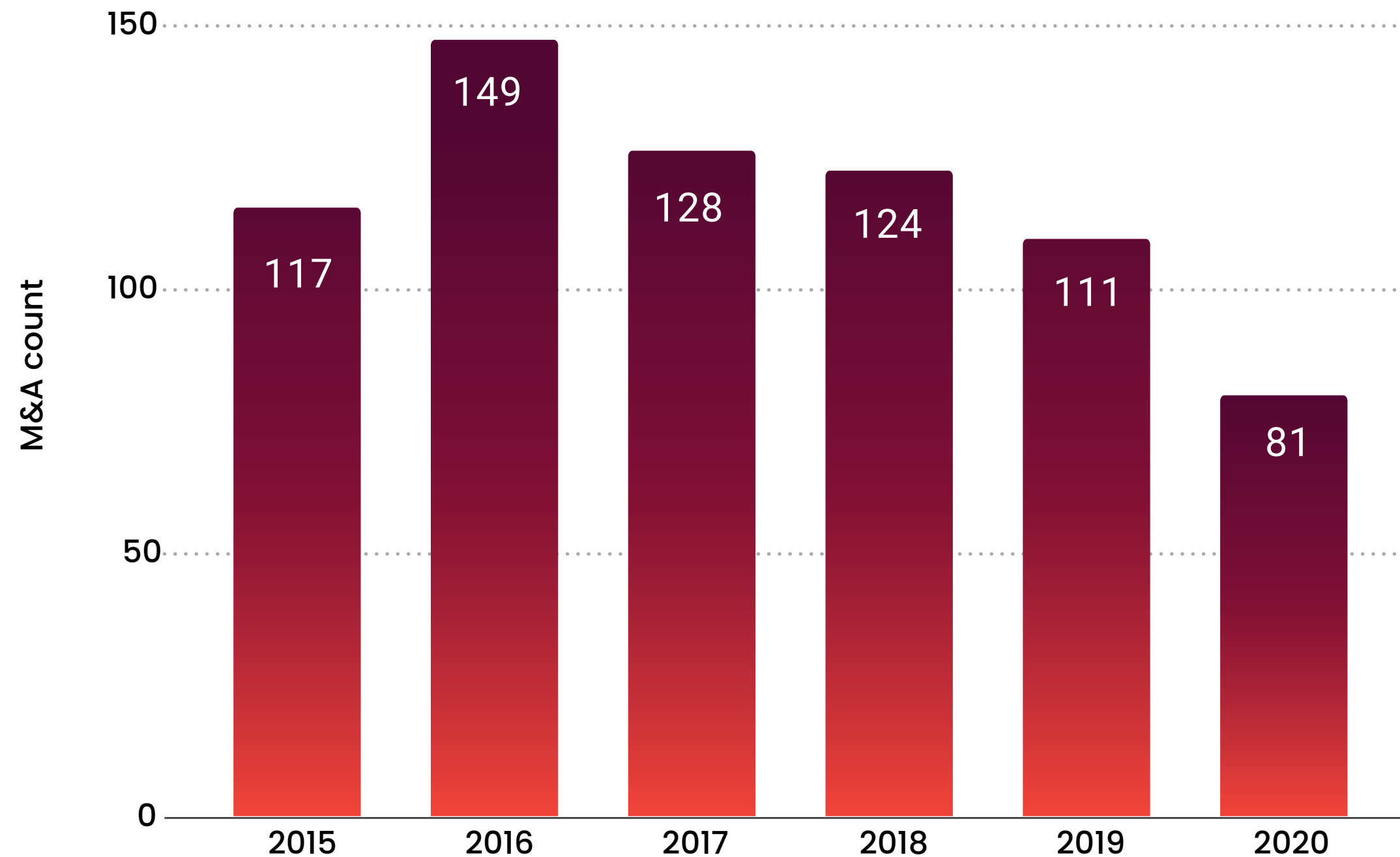
- Through its network of 230 IEDC (Innovation and Entrepreneurship Development Centre) cells in professional colleges, mini incubators enable students to work on prototypes while studying. In January 2019, Kerala Startup Mission, or KSUM, launched the Integrated Startup Complex in Kochi, a sprawling complex spread over 1.80 lakh sq. ft with dedicated facilities for various tech sectors. It also hosts:
 - Maker Village – India’s largest electronic hardware incubator and ESDM facility
 - Bionest – State-of-the-art biotechnology instrumentation platform to promote and develop new entrepreneurs
 - BRINC – India’s first international accelerator for hardware startups
 - BRIC – An incubator dedicated to developing solutions for cancer diagnosis and care
 - Centre of Excellence established by UNITY and CERA

- Besides, Kerala focusses on student entrepreneurs and aspiring entrepreneurs who are also benefiting from the state-wide IEDCs, Atal Tinkering Labs and more. Due to these initiatives, several startups from various sectors have received the right push.

Merger & Acquisition Trends

Merger & Acquisition Count Tumbles In 2020

Despite a widely-expected consolidation wave, the M&A count was 27% lower in 2020 than 2019

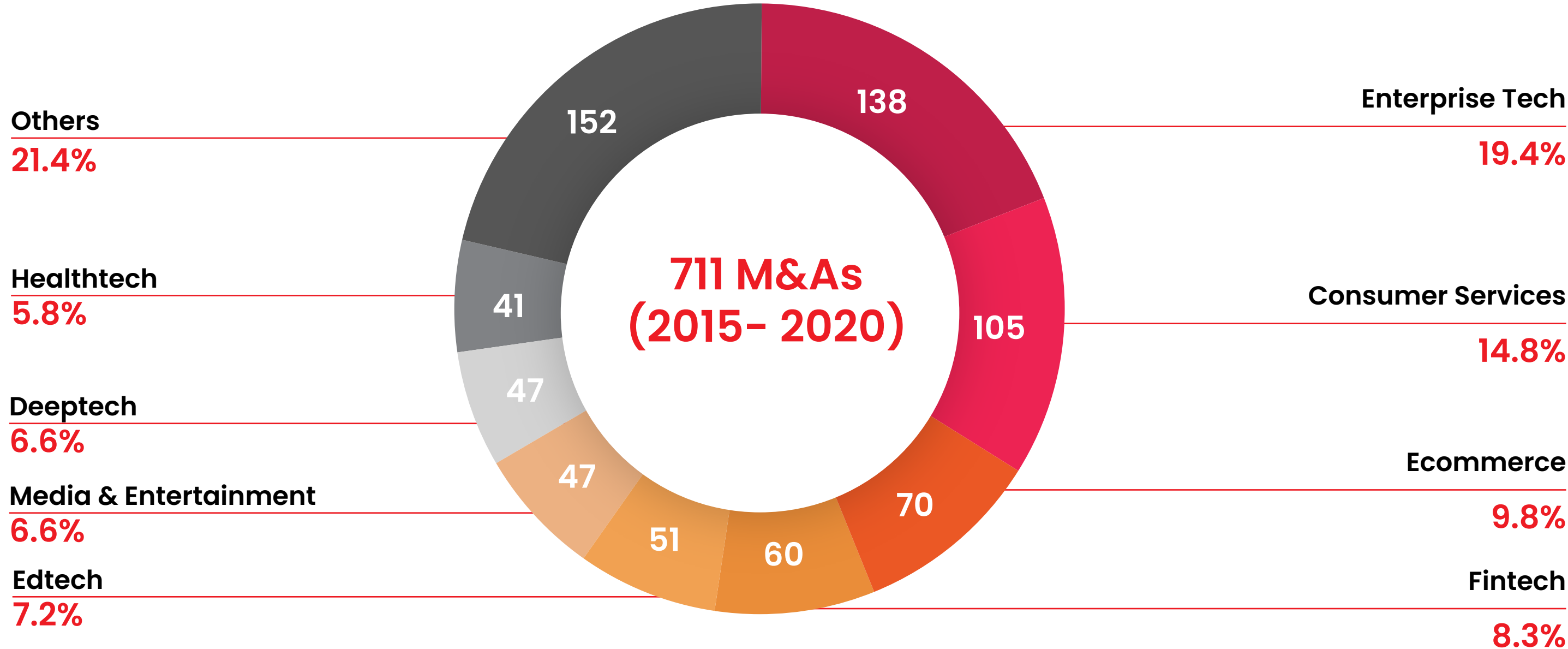


- The mergers and acquisitions (M&A) in 2020 was is the lowest in the past six years. The overall count of 81 in 2020 is 27% lower than the previous year when it stood at 111.
- The fact that the addressable market for edtech, ecommerce and fintech expanded during the pandemic has fuelled the growth of M&As in these sectors.
- While many expected consolidations to be the flavour of the year, given the pandemic's impact on businesses, the mergers and acquisitions (M&As) in 2020 was the lowest compared to the past six years.

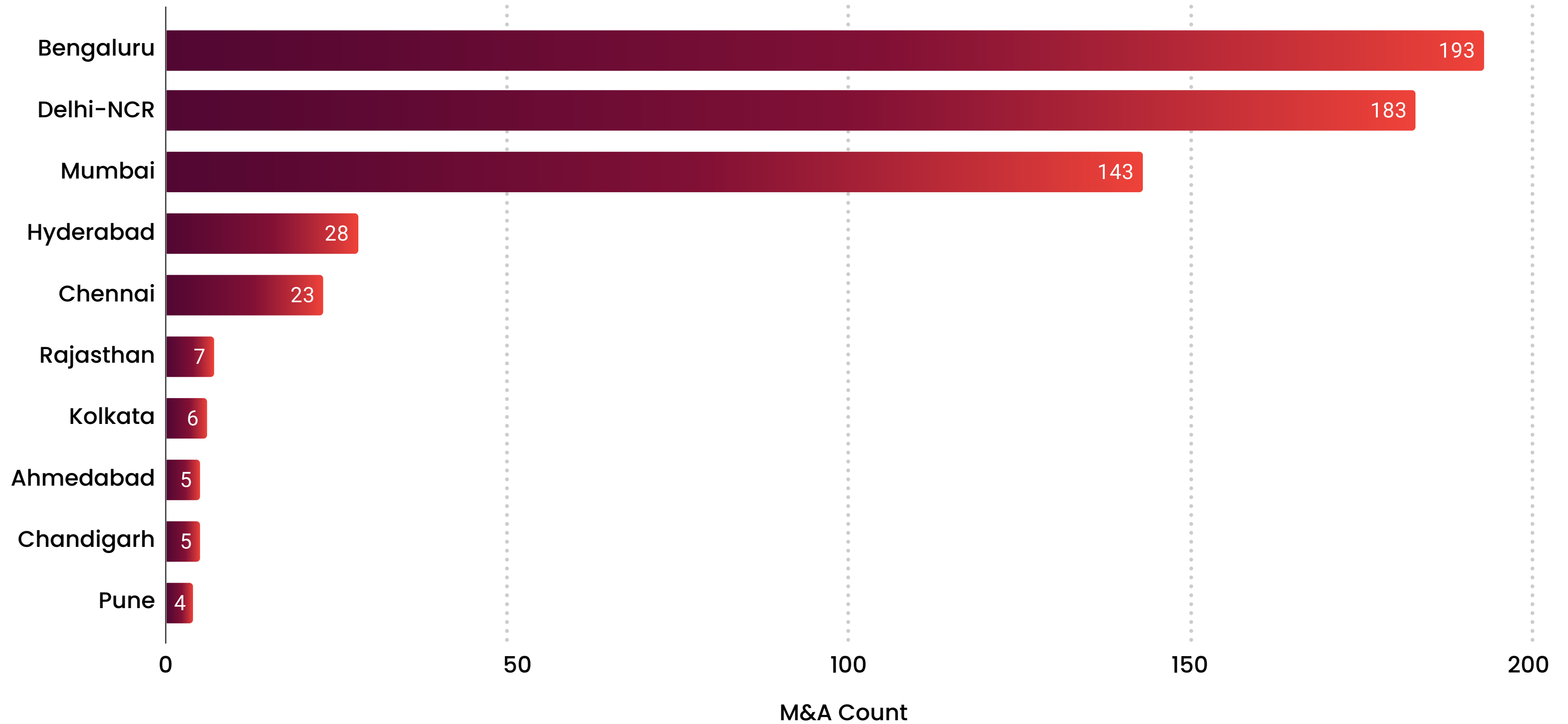
Source: Inc42 Plus
Note: Data up to Dec 17, 2020

Enterprise Tech Startups Saw The Maximum Number Of M&As Between 2015 And 2020

Enterprise tech startups had seen the highest mergers and acquisitions between 2015 and 2020



Bengaluru-Based Startups Recorded The Highest Number Of M&A Deals Between 2014 And 2020



Notable Startup Acquisitions In 2020

	Sectors	Acquired Company	Acquisition Amount (\$ Mn)
 Uber Eats	Consumer Services	 zomato	350
 WhiteHat Jr <small>(Live Online Coding for Kids)</small>	Edtech	 BYJU'S	300
 netmeds	Healthtech	 Reliance <small>RETAIL</small>	83
 RAHEJA QBE	Insurance	 paytm	76
 PrepLadder	Edtech	 unacademy	50
 Urban Ladder	Ecommerce	 Reliance <small>RETAIL</small>	24.4
 DHFL <small>Changing Rules. Changing Lives</small>	Insurance	 navi insurance	14
 DailyNinja	Consumer Services	 bigbasket	15-20
 iServeU <small>Redefining Financial Inclusion</small>	Fintech	 niyogin	8
 mastree	Edtech	 unacademy	5
 INTELLICAR	Transport Tech	 TVS	2

The Biggest Acquirers In Indian Startup Ecosystem



app
ITERATE

FX
MART

F1
Info Solutions
& Services

UPSTREAM
COMMERCE

Letsbuy.com
Best deals on electronics at your doorstep

Myntra

weRead
the social book discovery revolution

MapmyIndia

Liv.ai

PhonePe

Friip

Konotor

airwoot

Chatimity

Pipemonk

JOE HUKUM
CONSIDER IT DONE

natero

CanvasFlip

FRAMEBENCH

ZARGET

FLINT

AnsweriQ
AI FOR CUSTOMER SUPPORT

1CLICK

Radisys

netradyne

easygov

Sankhya Sutra Labs

REVERIE
Language Technologies

GRAB

haptik

GSQUARE

Fynd

NOWFL0ATS™

Asteria Aerospace

Jio saavn

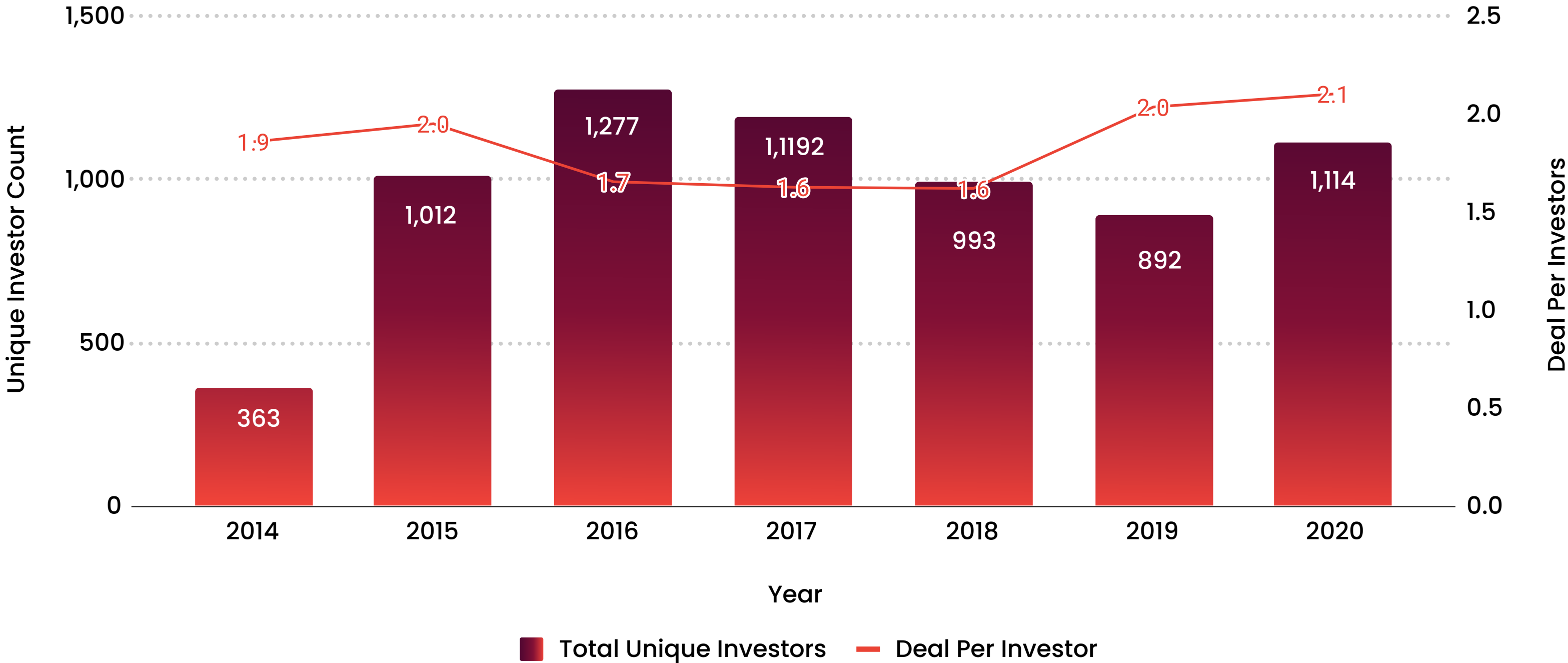
EMBIBE



Investors' Participation Trends

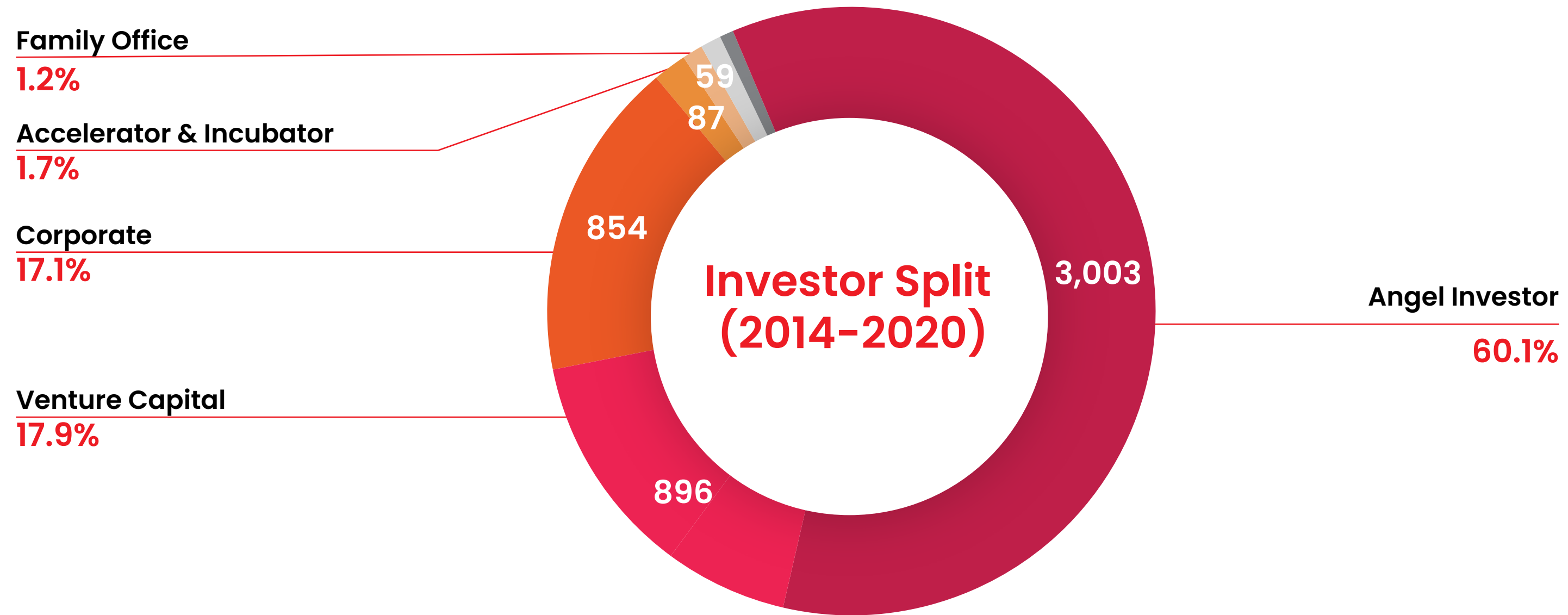
Unique Investor Participation In India Recovers In 2020 After Two Consecutive Years Of Contraction

Compared to the previous year, the unique investor participation count surged by 25% in 2020



Investors Backing The Indian Startup Ecosystem

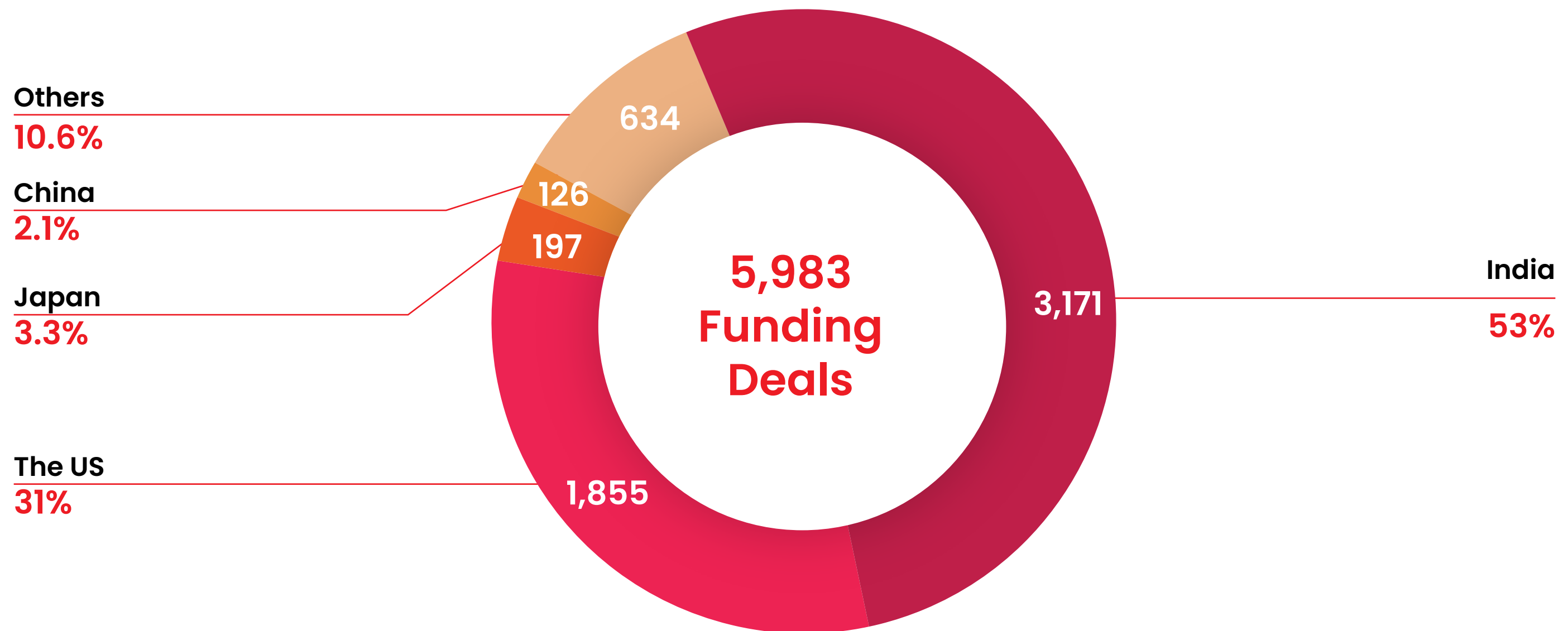
Three out of every five investors in India are angel investors



























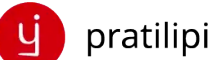
This analysis is based on the sample of 4,993 unique investors who participated in Indian startup funding between 2014 and 2020.

The US Is The Biggest Source Of Foreign Investments In Indian Startups

Growth-stage (Series A and B) and late-stage startups are preferred more by overseas investors than early-stage startups

























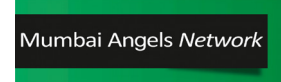







Startup Funding In 2020: Sequoia Leads The Way Among Top 10 VCs

	Deal Count	Sectors In Focus	Notable Investments
SEQUOIA 	42	Enterprise Tech, Fintech	 
INNOVEN CAPITAL	28	Edtech, Fintech	 
ACCEL PARTNERS	24	Enterprise Tech, Media and Entertainment	 
TIGERGLOBAL	18	Edtech, Fintech	 
matrix PARTNERS	15	Fintech, Ecommerce	 
 BLUME	14	Edtech, Healthtech	 
 TRIFECTA CAPITAL	13	Ecommerce, Consumer Services	 
 Let's Venture	12	Consumer Services, Healthtech	 
nexus venture partners	11	Enterprise Tech, Edtech	 
 ON OMIDYAR NETWORK	10	Edtech, Healthtech	 























Note: Only growth-stage and late-stage funding deals have been included.

Early Stage Startup Funding 2020: Venture Catalysts Leads The Way Among Top 10 Early Stage VCs

	Deal Count	Sectors In Focus	Notable Investments
 VentureCatalysts Seed Investor & Innovation Platform	102	Fintech, Enterprise Tech	 
	86	Consumer Services and Healthtech	 
	45	Edtech, Fintech, Healthtech	 
	29	Deeptech, Ecommerce	 
	25	Edtech, Fintech, Healthtech	 
	20	Enterprise Tech, Ecommerce	 
	20	Edtech, Enterprise Tech	 
	19	Edtech, Fintech, Healthtech	 
	19	Deeptech, Agritech	 
	18	Deeptech, Agritech	 

Note: Only seed-stage and bridge-stage funding deals have been included.
Deal count also includes undisclosed deals.

Notable Corporate Venture Capital Investors In Indian Startups

Most Significant CVC	Parent Organisation	Total Deals In India	Notable Startups
Brand Capital	Times Group	27	 bigbasket  innerChef
Amazon & Amazon Alexa Fund	Amazon Inc.	20	 Shuttl  CAPITAL FLOAT
Google & Google Ventures	Alphabet Inc.	11	 UNZO  practo
Unilever Ventures	Unilever	10	 milkbasket  peel-wrks
Samsung Ventures	Samsung Group	8	 INDUS  trell
Intel Capital	Intel Corporation	7	 img  indiamart
Microsoft & (M12)	Microsoft Corporation	6	 innovaccer  FarEye
Bain Capital Ventures	Bain & Company	3	 FOURKITES  CoinDCX
Reliance Capital	Reliance Industries Ltd	3	 ToneTag  billion loans
Mahindra Partners	Mahindra & Mahindra	2	 Gold Farm
Experian Ventures	Experian Plc	2	 bankbazaar.com  vserv
Lodha Ventures	Lodha Group	1	 MULTILIVING

- Between 2015 and Q3 2020, 39 active CVCs in India invested in 144 Indian startups. On average, CVCs in India funded 31 startups annually between 2015 and 2019.
- The enterprise tech sector, which comprises SaaS and other digital enterprise solutions, has been the most preferred sector for investments by CVCs in India.
- Preference for enterprise tech and fintech startups seems natural. Out of the sample set of 39 active CVCs in India, 17 or 44% belong to the former sector, which is the highest number, followed by 8 or 21% of deals in the fintech sector.
- Strategic expansion and exploration of new markets are at the core of CVC investments. As the Indian economy recovers from the pandemic's turmoil in the coming years, we expect more established corporate houses in India to focus on CVC investments. This will further expand the funding opportunity across the Indian startup ecosystem.



Unicorns And Soonicorns In India

Unicorn And Soonicorn In India

The State Of Unicorn And Soonicorn In India



51 Unicorns

\$144 Bn Combined Valuation

\$45 Bn Total Funding Raised

TOP SECTORS
11 Ecommerce
10 Fintech
08 Enterprise Tech

TOP CITIES
22 Bengaluru
17 Delhi-NCR
05 Pune

51 Soonicorns

\$9 Bn Total Funding Raised

TOP SECTORS
16 Fintech
07 Consumer Services
05 Healthtech

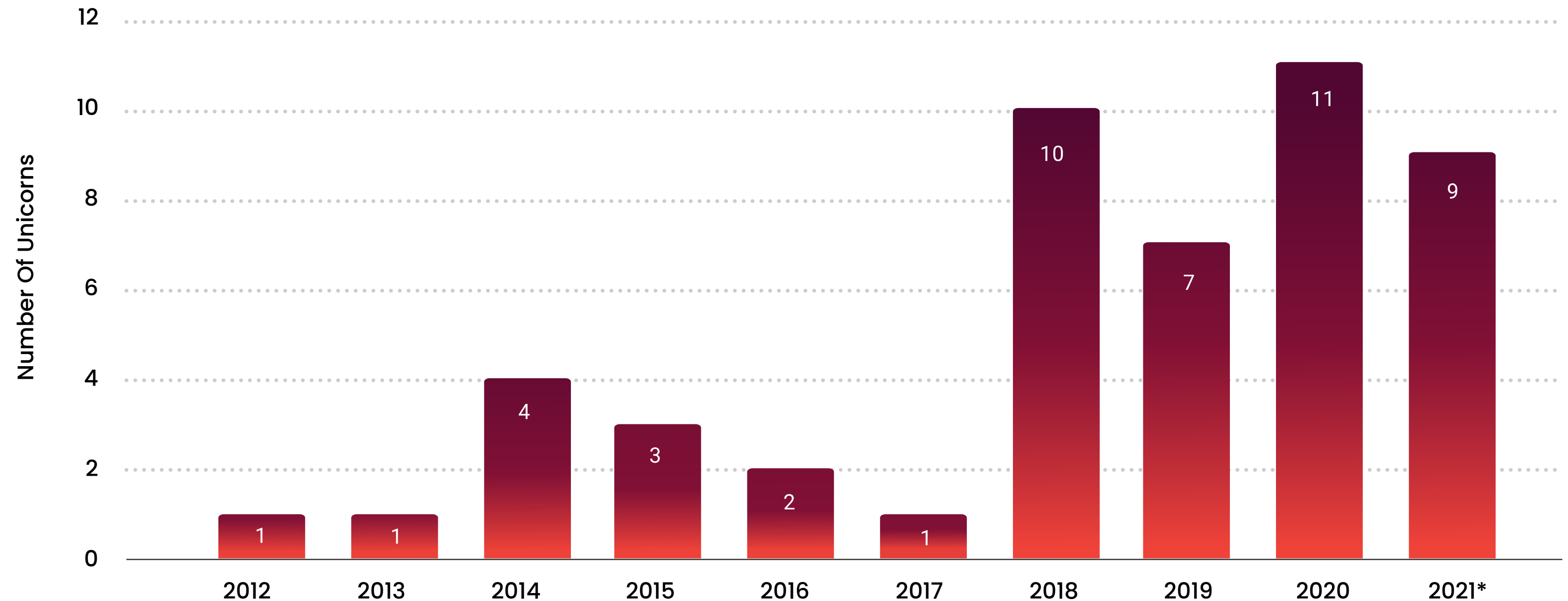
TOP CITIES
17 Bengaluru
14 Mumbai
12 Delhi-NCR

Note: Unicorns As Of 9th April: 51

Hike & Shopclues have been included in calculations, however, as of 9th April they are valued less than \$1 Bn
Flipkart and Shopclues are acquired, MakeMyTrip and Info Edge are listed companies,
Zoho and MakeMyTrip's year of entering unicorn club are unknown

Nine New Unicorns This Year; India On Track To Have 21 Unicorns In 2021

India's unicorn club has seen the entry of 51 startups to date, and based on our analysis, we will see 12 more new unicorns in 2021























*2021 data is till April 09

























Hike & Shopclues have been included in calculations, however, currently, they are valued lower than \$1 Bn

























Flipkart and Shopclues are acquired companies, MakeMyTrip and Info Edge are listed companies

Zoho and MakeMyTrip's year of entering unicorn club are unknown




















































Indian Startups That Reached Unicorn Status In 2020 And 2021

	Founded In	Became Unicorn In	Headquarters	Sector	Key Investors
	2016	2021	Bengaluru	Fintech	A91 Partners Faering Capital 
	2015	2020	Delhi-NCR	Ecommerce	SEQUOIA  
	2009	2020	Bengaluru	Media & Entertainment	 OMIDYAR NETWORK INDIA  SEQUOIA 
	2010	2020	Pune	Ecommerce	  SAIF Partners
	2018	2020	Bengaluru	Media & Entertainment	Google MITHRIL
	2012	2020	Mumbai	Ecommerce	  
	1998	2020	Delhi-NCR	Fintech	TEMASEK SEQUOIA  Flipkart 

	Founded In	Became Unicorn In	Headquarters	Sector	Key Investors
 POSTMAN	2014	2020	Bengaluru	Enterprise Tech	  
 Razorpay	2014	2020	Bengaluru	Fintech	 
 unacademy	2015	2020	Bengaluru	Edtech	  
 zenoti	2010	2020	Bellevue, The US	Enterprise Tech	  
 ZERODHA	2010	2020	Bengaluru	Fintech	N/A
 innovaccer	2014	2021	Delhi-NCR	Healthtech	  
 INFRA.MARKET	2016	2021	Mumbai	Real Estate Tech	  

	Founded In	Became Unicorn In	Headquarters	Sector	Key Investors
	2015	2021	Bengaluru	Ecommerce	 Y Combinator  SAIF Partners  SEQUOIA
	2018	2021	Bengaluru	Fintech	 SEQUOIA  COATUE  DST GLOBAL
	2016	2021	Bengaluru	Fintech	 TIGERGLOBAL  SEQUOIA  Ribbit Capital
	2015	2021	Bengaluru	Media & Entertainment	 順為 SHUNWEI  Xiaomi  Lightspeed
	2015	2021	Mumbai	Healthtech	 Bessemer Venture Partners  TEMASEK  INNOVEN CAPITAL
	2004	2021	San Fransisco	Enterprisetech	 TIGERGLOBAL  crv  GLOBESPAN CAPITAL PARTNERS

Indian Unicorns List

Indian Soonicorns List

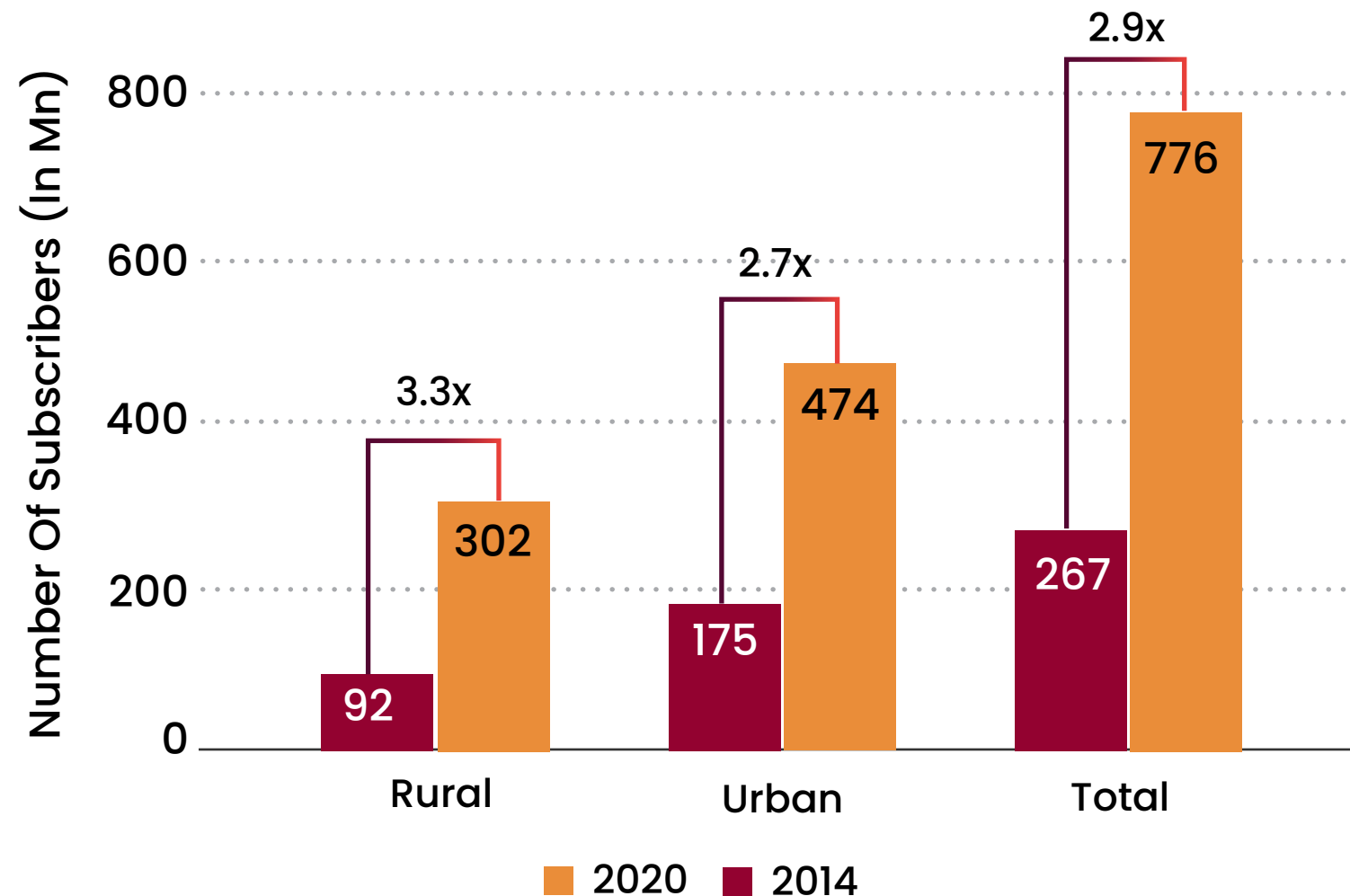
					
					
					
					
					
					
					
					
					



Factors Fuelling The Growth Of The Startup Ecosystem In India

Growing Internet Penetration

57% Of The Indian Population Had An Internet Subscription In 2020 Compared To 21% In 2014



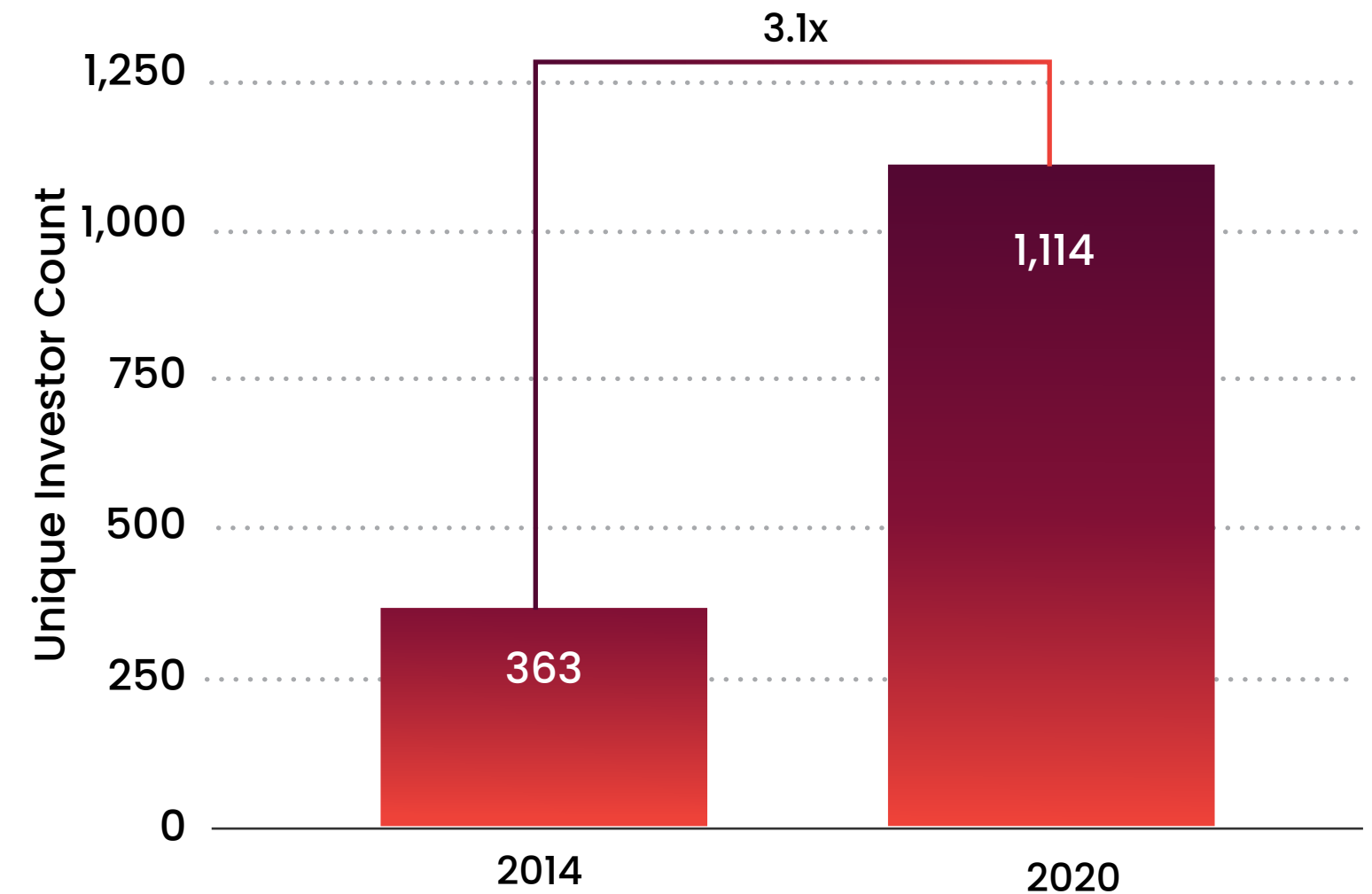
Source: TRAI

The proliferation of affordable smartphones and extremely affordable data plans helped grow the country's internet-using population. With mobile being the most preferred gateway to online content consumption in India, deeper penetration of high-speed internet and smartphones will create a sustainable network of digital users exploring the World Wide Web for applications beyond social media and ecommerce and creating another open opportunity for startups operating in sectors such as edtech, healthtech and fintech.

The outbreak of the Covid-19 pandemic has further increased the utility and importance of internet applications, attracting more active and technology-savvy digital users across sectors such as ecommerce, consumer services, fintech and enterprise tech.

Growing Investor Ecosystem

Between 2014 And 2020, 978 Unique Investors, On Average, Invested In The Indian Startup Ecosystem Annually



Investors are the bedrock of any startup ecosystem all over the world. Access to venture capital plays a pivotal role in nurturing entrepreneurship and the startup culture.

During 2014-2020, unique investors' participation (both individual and institutional) grew at a CAGR of 21%

Government Schemes And Policies

Notable Startup Policies And Schemes

<i>Year</i>	<i>Notable Schemes/Policies</i>	<i>Headed By</i>
2012	The Venture Capital Assistance Scheme	Small Farmers' Agri-Business Consortium (SFAC)
2014	Dairy Entrepreneurship Development Scheme	National Bank for Agriculture and Rural Development
March 2014	National Clean Energy Fund (NCEF)	Indian Renewable Energy Development Agency
March 2015	A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)	Steering Committee, Ministry of MSME
July 2015	Loan for Rooftop Solar PV Power Projects	Indian Renewable Energy Development Agency
August 2015	Soft Loan Fund for Micro Small and Medium Enterprises (SMILE)	Small Industries Development Bank of India (SIDBI)
February 2016	Pradhan Mantri Mudra Yojana (PMMY)	Micro Units Development and Refinance Agency
April 2016	Stand Up India	Small Industries Development Bank of India (SIDBI)
July 2016	Atal Tinkering Laboratories (ATL)	Atal Innovation Mission
N/A	Promoting Innovations in Individuals, Startups and MSMEs (PRISM)	Council of Scientific & Industrial Research

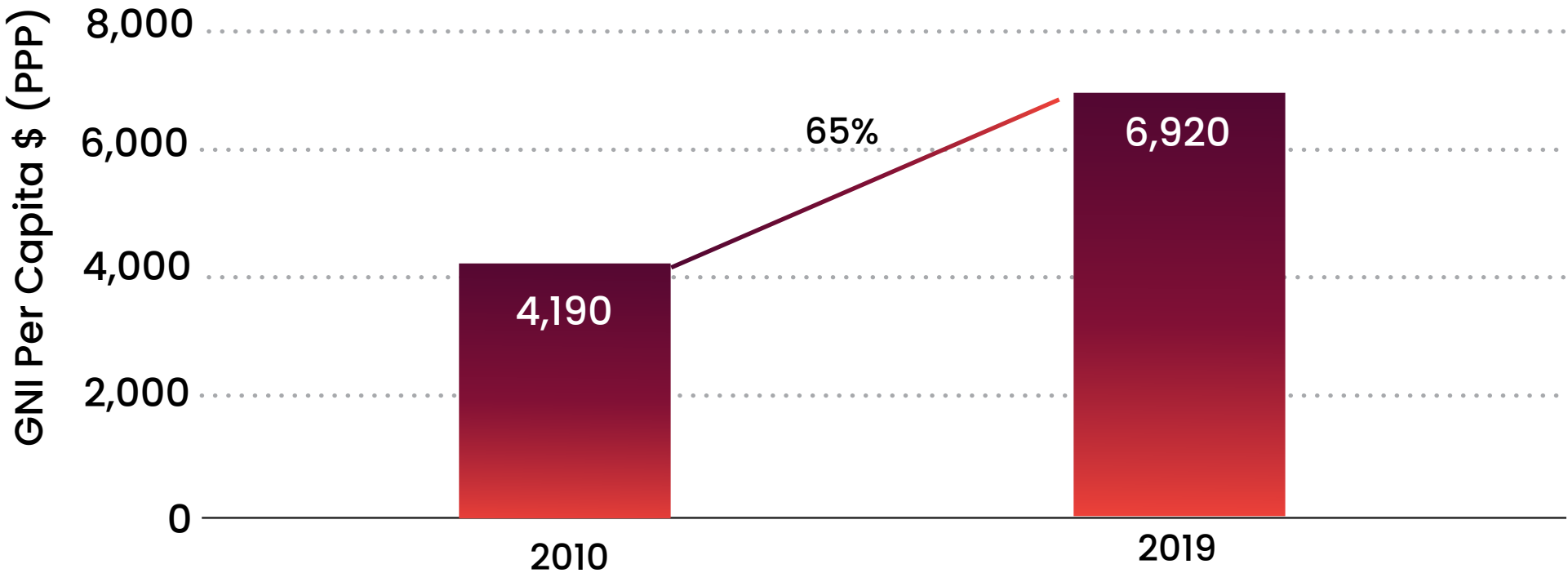
There are 50+ startup schemes for individuals/entities/startups, whether they have products/services at an idea stage, a pilot stage or running full-scale businesses.

Academics, especially those in STEM fields, have also been given due consideration. However, stakeholders need to be made aware of these programmes and initiatives, and the bureaucratic red tape must not interfere with the quick enablement of benefits.

Before the next general elections in 2024, it remains to be seen what benefits, startup schemes and startup-centric initiatives the present government undertakes and implements to realise the vision of 'Startup India, Stand Up India'.

Growing Per Capita Income

Per Capita Income Of Indians Surged 65% Over The Past Decade



Source: World Bank

The growing urbanisation and formalisation of employment in the country have resulted in individuals' rising per capita income. The growing household income, clubbed with a young population (median age 27) and expanding internet penetration, generally results in a higher demand appetite.

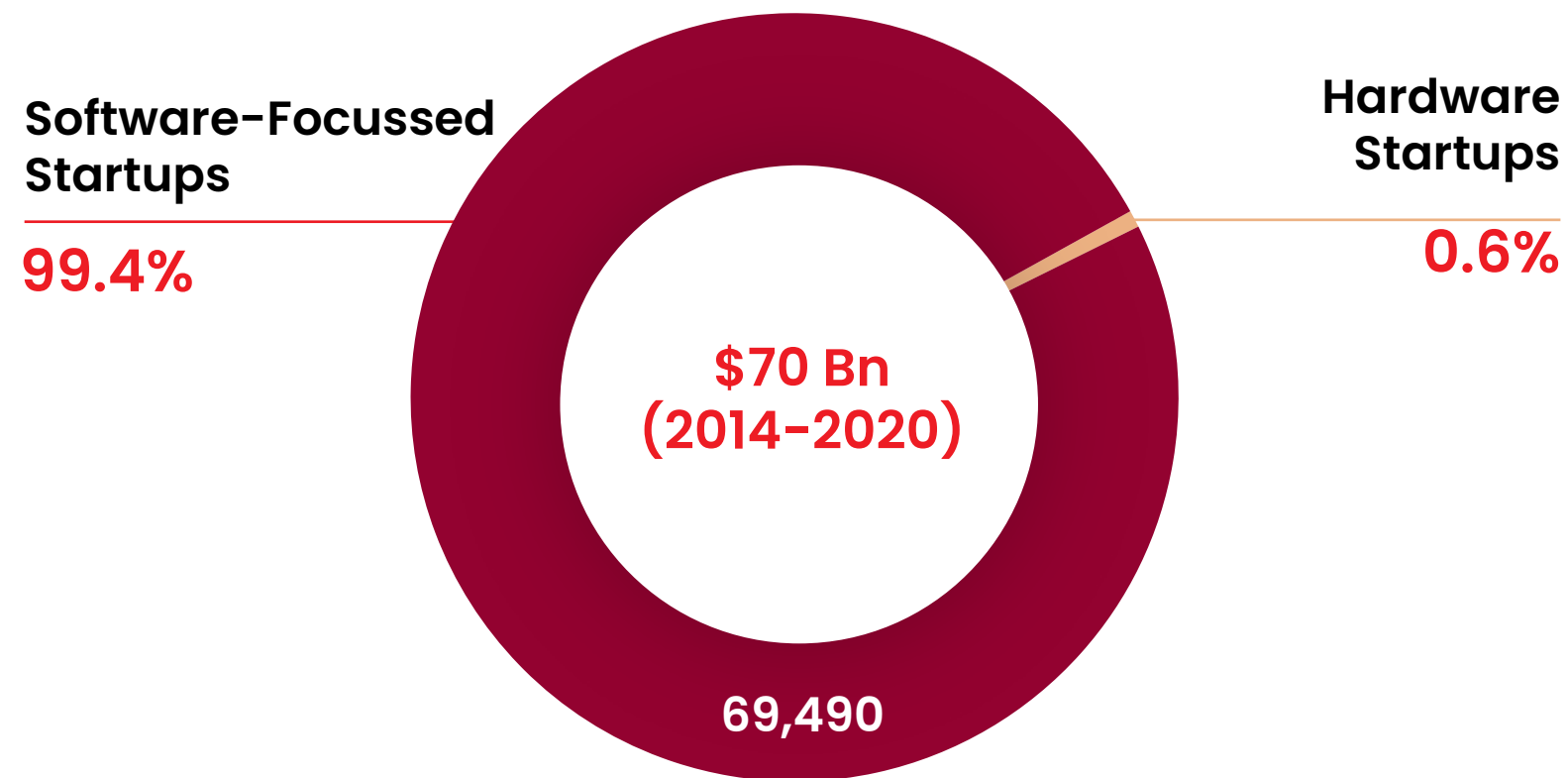
With an increasing consumption appetite, such a population will also be more open to experimenting with new products and services.



Key Challenges Hindering The Indian Startup Ecosystem

Inadequate Ecosystem For Hardware Startups

Out of the \$70 Bn Raised By Indian Startups Only 0.6% Went To Hardware-Focused Startups

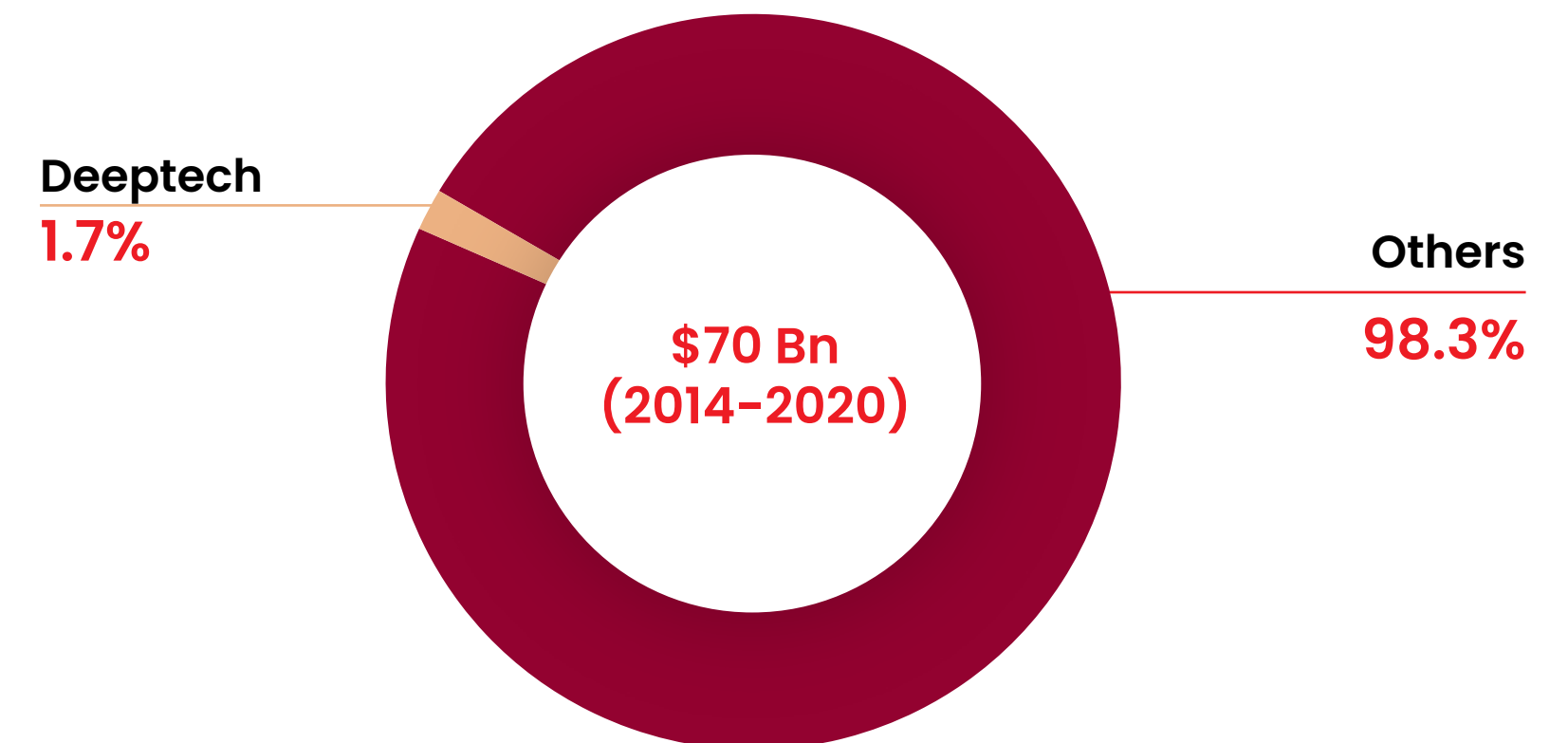


Since the liberalisation, privatisation and globalisation policies, commonly referred to as LPG reforms, were introduced in 1991, India's stronghold in terms of value addition to the GDP has been the tertiary sector comprised of IT/BPO services industries. This can be ascertained as the service sector contributes nearly 49.8% of the Indian GDP compared to the industrial sector's 24.8%.

Despite numerous efforts, the adequate infrastructure required to set up and operate an efficient and cost-effective manufacturing unit is still challenging, making it difficult for both startup investors and entrepreneurs to pursue opportunities in the hardware space. Also higher CapEx (capital expenditure) to setup new business in the hardware sector makes it difficult to attract venture capital investments.

Low Investor Confidence Towards Deeptech Startups

Only 1.7% Of The \$70 Bn Raised By Indian Startups Between 2014 And 2020 Went To Deeptech Companies

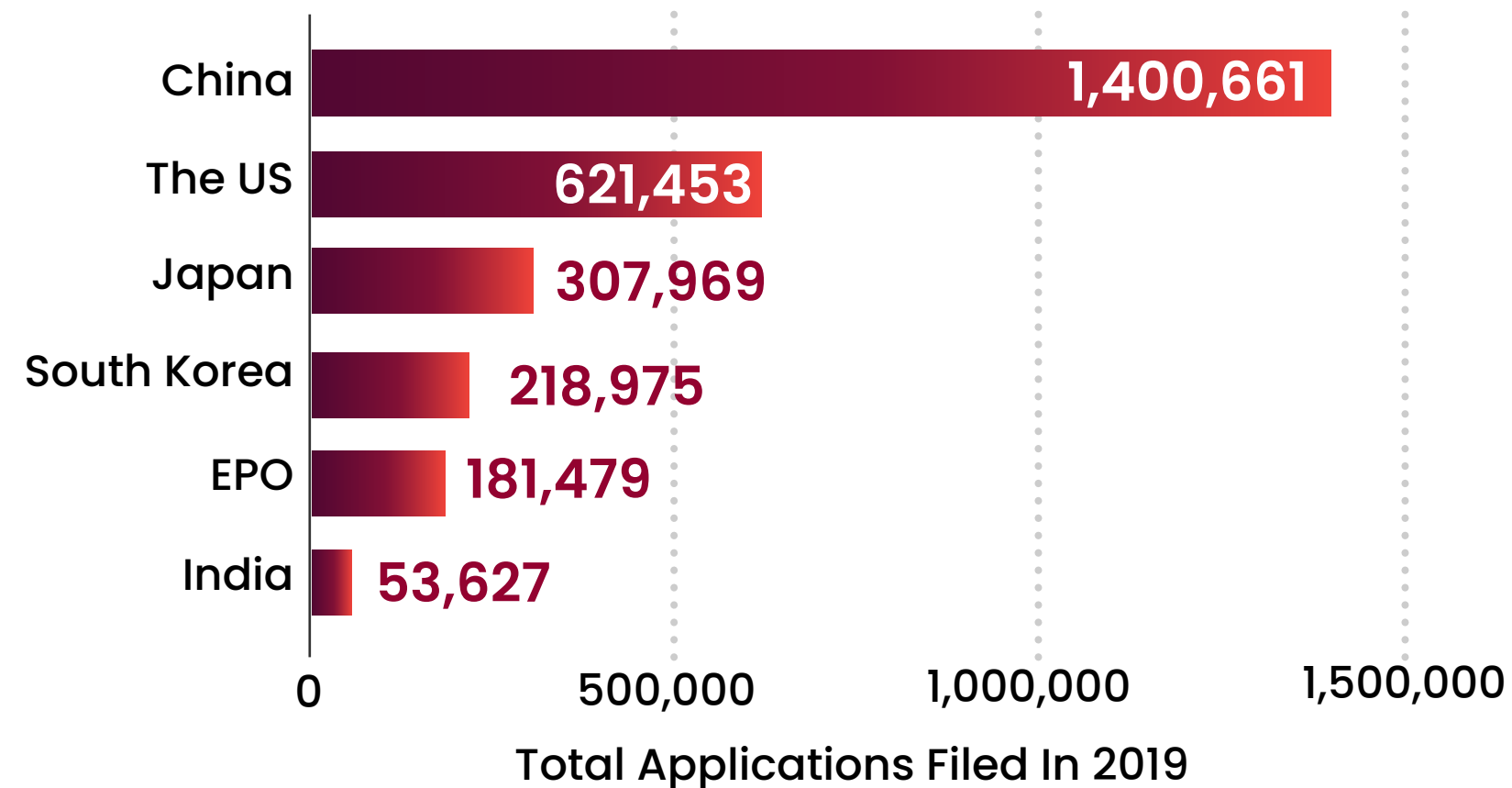


The minuscule funding raised by deeptech startups indicates that investor confidence in this sector is low.

Low adoption of deeptech technologies such as 3D printing, IoT and IIoT, and robotics and the lack of R&D culture in the country are the primary reason behind low investor confidence in India's deeptech sector.

The State Of IP Patents In India

China Filed 26x More Patent Applications Than India In 2019



Source: WIPO

A major reason behind the low number of patent applications in India is that compared to countries like China and South Korea, Indian organisations spend much less on R&D and innovation. A study of 409 listed companies in India concluded that together, these firms spent INR 36K Cr or 0.9% of their revenue in FY20 on research and development.

Enforcement of patent laws is another major hurdle limiting the scope of intellectual property in the country. As per the U.S. Chamber International IP Index, India scored 23.8 per cent on a scale of 0-100%. In India, damages awards in IP infringement cases have been historically low.

Regulatory Myopia

Selected Policies Which Had Adverse Impact On The Indian Startup Ecosystem

Regulatory Policy	Origin	Impact On The Startup Ecosystem
Angel Tax	Introduced in Section 56(2)(viib) of the Income Tax Act	In Q3 2018, when angel tax notices were sent to numerous startups and investors, angel funding in early-stage startups stood at \$158 Mn. Post the CBDT notices, the number declined by a whopping 62% to \$60.4 Mn.
Online Pharmacy Licence	Notices by Delhi and Madras High Courts banning the online sale of medicines	Uncertainty among online pharmacy stakeholders impacted investor confidence in the sector.
The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021	Digital Media Ethics Code Rules, 2021	Apart from privacy concerns regarding messaging and social media apps, OTT videos' possible censorship will also hamper freedom of expression, the biggest selling point of OTT content.

To date, the Indian government has always been behind in terms of regulating the new-age sectors, which the startups are primarily driving.

A major reason behind this myopia is that legislators in India are not adequately synced with the fast-paced updates and changes of the Indian startup ecosystem.

Methodology & Glossary

The overall dataset of startup funding and deal count covers the span between 2014 and Dec 17, 2020. The investor ranking used in the report is based on data recorded in our internal database and other secondary sources.

The years mentioned in the report are calendar years instead of financial years. The numbers are forecasted using time series based on quarterly time stamps and exponential smoothing.

The M&A database used in the report is between 2015 and 2020.

Seed stage: Startups in angel and pre-seed rounds

Growth stage: Startups in Series A and Series B rounds of funding

Late stage: Series C and above rounds

Fintech: Includes startups working on financial technology in both B2B and B2C space

Enterprise tech: Includes startups working on tech products and services catering to the B2B audience

Deeptech: Startups operating in sectors such as EV battery, 3D printing, Internet of things (IoT), AI/ML and other futuristic technologies

Inc42

www.inc42.com

Inc42 is a leading Indian media and information platform, known for its end-to-end coverage of the Indian startup ecosystem. We work with the mission to empower, connect & grow the Indian Startup Ecosystem by providing a deep understanding of the startup economy through data-backed news and analysis. Inc42 is the authoritative voice of the Indian Startup Ecosystem and it has brought to light the amazing stories of thousands of startups, entrepreneurs, technological innovations, businesses and many other constituents of the startup ecosystem. Starting 5 years ago, Inc42 has now become the gateway to the Indian startup ecosystem, having published more than 25,000 stories and touching the lives of more than 25 Million people in India every month.

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As a member, you'll receive exclusive, in-depth commentary. You'll join meaningful discussions with editors and writers from our newsroom and network.

Credits

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Sanghamitra Mandal

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